



**Marketingforce Management Ltd**

**邁富時管理有限公司**

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

**(Stock code: 2556)**

**INTERIM REPORT 2024**



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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. ZHAO Xulong (趙緒龍先生)  
*(Chairman of the Board and Chief Executive Officer)*  
 Mr. XU Jiankang (許健康先生) *(Senior Vice President)*

#### Non-executive Directors

Ms. ZHAO Fangqi (趙芳琪女士)  
 Mr. HUANG Shaodong (黃少東先生)

#### Independent Non-Executive Directors

Mr. YANG Tao (楊濤先生)  
 Mr. QIN Ci (秦慈先生)  
 Mr. CHEN Chen (陳晨先生)

### JOINT COMPANY SECRETARIES

Mr. LIU Huan (劉歡先生)  
 Mr. LI Kin Wai (李健威先生)

### AUDIT COMMITTEE

Mr. CHEN Chen (陳晨先生) *(Chairman)*  
 Mr. QIN Ci (秦慈先生)  
 Mr. YANG Tao (楊濤先生)

### REMUNERATION COMMITTEE

Mr. QIN Ci (秦慈先生) *(Chairman)*  
 Mr. ZHAO Xulong (趙緒龍先生)  
 Mr. YANG Tao (楊濤先生)

### NOMINATION COMMITTEE

Mr. ZHAO Xulong (趙緒龍先生) *(Chairman)*  
 Mr. QIN Ci (秦慈先生)  
 Mr. YANG Tao (楊濤先生)

### AUTHORISED REPRESENTATIVES

Mr. ZHAO Xulong (趙緒龍先生)  
 Mr. LI Kin Wai (李健威先生)

### AUDITOR

Ernst & Young  
*(Certified Public Accountants and  
 Registered Public Interest Entity Auditor)*  
 27/F, One Taikoo Place  
 979 King's Road  
 Quarry Bay  
 Hong Kong

### HONG KONG LEGAL ADVISOR

Clifford Chance  
 27/F, Jardine House  
 One Connaught Place  
 Central, Hong Kong

### COMPLIANCE ADVISER

Alliance Capital Partners Limited  
 Unit 03, 7/F  
 Worldwide House  
 19 Des Voeux Road Central  
 Central, Hong Kong

### REGISTERED OFFICE

PO Box 309, Uglan House  
 Grand Cayman, KY1-1104  
 Cayman Islands

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Trueland Center, Building 8  
 Shanghai Big Data Industrial Park  
 No. 1 Lane 1401, Jiangchang Road  
 Jing'an District  
 Shanghai  
 PRC

## Corporate Information

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

### PRINCIPAL BANKS

Hua Xia Bank Co., Ltd., Shanghai Branch  
Hongqiao Sub-branch  
No. 458 Gubei Road  
Changning District  
Shanghai, PRC

Shanghai Pudong Development Bank  
Co., Ltd., Putuo Sub-branch  
No. 746 Changshou Road  
Putuo District  
Shanghai, PRC

### HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### STOCK CODE

2556

### COMPANY'S WEBSITE

<https://www.marketingforce.com>

## Financial Highlights

	Six months ended 30 June		Year-on-Year change
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Revenue	<b>739,443</b>	583,526	26.7%
Gross profit	<b>392,868</b>	321,114	22.3%
Loss for the period and attributable to owners of the Company	<b>(820,178)</b>	(67,674)	1,112.0%
Non-IFRS Measures: Adjusted net profit/(loss)	<b>47,681</b>	(24,156)	297.4%



# Chairman's Statement

## BUSINESS REVIEW AND OUTLOOK

### Overview

We have ridden the waves and forged ahead to lead the trend. Marketingforce has marked significant milestones in the year 2024. In the first half of the year, we were successfully listed on the Main Board of the Stock Exchange and released the Tforce, our domain-specific large language model (LLM) for marketing and sales. Through core products including T Cloud and True Client, we continuously improve customer acquisition and customer asset operation efficiency through our "AI+" business model, and realized the automation of marketing and sales growth. Facing the complex market environment, we fully leverage the advantages of our full-chain product matrix, mature sales network and existing customer base. In the first half of 2024, we achieved total revenue of RMB739.4 million, representing an increase of 26.7% over the same period in 2023. In particular, the revenue from SaaS business amounted to RMB400.0 million, representing a year-on-year increase of 30.4%, and our gross profit margin amounted to 88.3%, representing an increase of 1.2 percentage points from the same period last year. The revenue of precision marketing services amounted to RMB339.4 million, representing a year-on-year increase of 22.6%. Meanwhile, relying on our refined operations and cooperation with ecological partners, we successfully achieved half-year profitability in terms of adjusted net profit of RMB47.7 million. We are the largest marketing and sales SaaS solution provider in China in terms of revenue in 2023, according to Frost & Sullivan. Moving into the second half of the year, with the vision of "becoming the best partner for enterprises globally in digital and intelligent transformation", we will continue to focus on three major strategies, namely, dual drivers serving small and medium-sized business customers (SMB) and key accounts (KA), application of AI technologies, and utilization of middle platform. We aim to continuously expand our market share, enrich the full-chain SaaS products, and iterate our Tforce marketing LLM, thus reinforcing our leadership in the marketing and sales SaaS solution market.

### Business Review

In the first half of 2024, we continued to expand our SaaS business, with SMB as the first business growth driver. We provide full-chain, full-scenario, one-stop solutions through T Cloud to help mid-tier B2B enterprises acquire customers more easily. Empowered by AI technologies, our solutions build online marketing platforms and generate marketing content, intelligently select content publishing channels, and collect sales leads to improve customer acquisition rate in the marketing activities. With KA being our second business growth driver, we promote the refined operation of existing customer assets of large enterprises through True Client, and utilize the intelligent AI brain of the marketing middle platform to empower the marketing automation system. With a variety of engagement tools, we offer tailored services for existing B2B and B2C enterprises to increase the average contract value and improve customer stickiness and the repurchase rate of customer. Our KA business targets major industry sectors, such as consumer retail, automobile, healthcare, finance and manufacturing. We typically begin with flagship customers and representative cases, integrating them with industry-specific scenarios to introduce functional modules. This approach facilitates quick customer growth in industry verticals. In addition, we proactively engage ecological partners to mutually enhance resources.

In the six months ended June 30, 2024, the revenue of our SaaS business amounted to RMB400.0 million, representing a year-on-year increase of 30.4%. The total number of SaaS users in the first half of 2024 increased by 13.1% compared to the same period in 2023, and the average monthly revenue per user increased by 16.5% compared to the same period in 2023. The revenue distribution of our SMB and KA customers remained relatively stable compared to the same period in 2023, and both experienced significant growth.

## Chairman's Statement

Meanwhile, our precision marketing services business also remained a stable growth. Our precision marketing advertising customers mainly aim to increase brand awareness or increase the online exposure of their products or services. Through the characteristics and functions of the proprietary technology infrastructure provided by the Marketingforce platform (including cloud computing and data analysis capabilities), we effectively deliver marketing content, analyze marketing results in real time, and adjust marketing activities to help advertising customers improve marketing results and customer conversion efficiency. We provide two types of precision marketing services, namely online advertisement solution services and online advertisement distribution services.

In the six months ended June 30, 2024, the revenue of our precision marketing services business amounted to RMB339.4 million, representing a year-on-year increase of 22.6%, and gross billing amounted to RMB3.37 billion, representing a year-on-year increase of 11.0%. In particular, the number of advertising customers increased by 7.3% year-on-year to 704, and the average revenue per customer increased by 14.2% year-on-year to RMB482,000. The gross profit margin was 11.7%, representing a decrease from the same period last year, mainly due to the increase in the revenue contribution of online advertisement solution services, which entailed a lower gross profit margin.

During the Reporting Period, our market influence and recognition have also steadily improved. In the first half of 2024, the Group won awards including "Top 10 Typical Cases of New Productive Forces Empowerment among Enterprises in China in 2024", "Top 100 AIGC Empowerment Industry Innovation Enterprises in 2024 (10th place)", "Top 30 Most Innovative AI Products/Solutions in China in 2024 (8th place)", "Top 100 SaaS Enterprises in 2024", and "China's Best Digital Solution Award". With the completion of our listing in May 2024, we anticipate that our market influence will continue to grow, enhancing our position in business acquisition, talent attraction, and upstream and downstream industrial chains.

The following are highlights of our performance during the Reporting Period:

- Focus on full-chain SaaS products.** Our products integrate years of data accumulation with technological achievements, marketing methodologies and practical experience into a unified platform. This enables us to deliver comprehensive marketing and sales solutions to our customers. Notably, the gross profit margin of our SaaS business stood at 88.3%, positioning us at an industry-leading level. This success was attributed to our 240 functional modules that can be flexibly combined and delivered. By combining with our PaaS including data middle platform, algorithm middle platform, business middle platform, infrastructure platform and eco-system, we address customers' specific requirements through the quick and adaptable assembly of functional modules. We also advance our product development strategies for AI technologies and middle platforms, while implementing our business strategy focused on serving SMB and KA. In our product offerings, we utilize a "six clouds" matrix. We focus on the marketing cloud and sales cloud, and complement these with the analysis cloud, business cloud, intelligent cloud, and DHR organizational cloud, delivering comprehensive solutions for the digital transformation of enterprises. In the first half of 2024, we enhanced our PaaS capabilities for True Client product series, which allows us to offer a comprehensive, one-stop solution that integrates full-chain functional modules including CDP, MA, A/B Test, AI Agent, SCRM, and MiniProgram malls for customers to manage their existing client assets. Our SaaS business demonstrated an uptrend during the Reporting Period, with 13.1% year-on-year growth in number of users and 16.5% year-on-year growth in average monthly revenue per user in the first half of 2024.

## Chairman's Statement

- Launch the Tforce marketing LLM that combines AI with application scenarios.** As a leading SaaS company in China, we have always shouldered the responsibility of technological innovation with a firm belief that robust internal R&D capabilities are the source of innovation. We launched our Tforce marketing LLM this year. With the vast and ever-growing amount of data collected over the years, we have developed Tforce with enterprise-level features by leveraging a generic LLM and integrating them with our customers' existing application scenarios. These features are seamlessly incorporated into our product offerings, such as market insights, content generation, precision distribution, smart strategy planning, AI sales agent and intelligent customer service. Compared to companies that simply develop LLM applications, we have real-world usage scenarios and data that enable us to quickly implement, gather feedback, and efficiently improve our Tforce marketing LLM.
- Continuously explore customer value and expand our customer base.** Our long-standing goal is to provide services that meet the diversified needs of a wide range of customers throughout their lifecycle. Leveraging our extensive sales network and comprehensive customer success system, we are able to enhance user scale, customer experience, contract value and repurchase rate. In the first half of this year, while focusing on the Yangtze River Delta and Pearl River Delta as our core bases, we continued to expand our direct sales network by setting up a subsidiary in Nanchang, our regional headquarters in Central China, and at the same time significantly strengthened our channel partner system in non-direct sales cities. In the first half of 2024, our revenue generated from our channel partners increased by 145.8% over the same period in 2023. Leveraging on our growing brand awareness and product development experience, the KA business also achieved notable results, with business coverage continuously expanding to more sub-segments, in particular, the capacity of covering to state-owned enterprises was substantially strengthened. During the Reporting Period, we had established or maintained good business relationships with certain well-known enterprises such as Weichai Power (潍柴动力), Chery (奇瑞汽车), Huaxia Bank (华夏银行), Panasonic (松下电气), Korea Red Ginseng (正官庄), Bausch + Lomb (博士伦), Meituan (美团), Jointown Pharmaceuticals (九州通医药), Heng Yuan Xiang (恒源祥), XTC (小天才), Shede Spirits (舍得酒业), Bull Electric Appliances (公牛电器), and TECNO (传音).

### Outlook

Moving into the second half of 2024, we will focus on the following major directions:

- Maintain our leadership position in the marketing and sales SaaS market.** According to the information of Frost & Sullivan, the potential market size of marketing and sales of SaaS is expected to reach RMB4.3 trillion by 2027. Most of the market potential is to be continuously penetrated into by leading companies in SaaS. Currently, our revenue is mainly generated from the first and second tier cities in the Yangtze River Delta and the Pearl River Delta. Going forward, we will continue to implement the dual-drive strategy of serving SMB and KA, and to further develop new markets. In order to achieve such strategy, we will focus on innovation by utilising tools mindfully, and strengthen our Marketingforce platform to drive the sustainable growth of our business. We will further expand our customer base and gain market share through continuous product development, efficiency enhancement of our sales and customer success teams, and industry ecosystem collaboration to maintain long-term and stable relationships with our customers. We will also explore business opportunities from our existing extensive customer base by promoting cross-selling and up-selling opportunities. As the market for marketing and sales SaaS solutions in China rapidly evolves, by leveraging on our established competitive advantages, we are committed to scaling our SaaS business, which will be a key driver of our future growth.



## Chairman's Statement

- Vertical LLM in AI industry + PaaS middle platform open ecology.** Our strategy to focus on AI technologies development is now firmly established, and we will continue to improve our Tforce marketing LLM. By leveraging an AI+ business model, we aim to enhance our service capabilities in a wide range of aspects such as market insights, content generation, precision distribution, smart strategy planning, AI sales agent and intelligent customer service. This will continuously improve the efficiency of customer acquisition and management of existing customers, ultimately automating marketing and sales growth. Furthermore, we will co-create domain-specific model with our customers in various verticals, and explore business opportunities utilizing the Tforce marketing LLM. We will also provide horizontal iterative services for customers in various verticals, empowering more sectors with marketing and sales intelligence. Meanwhile, we will remain committed to investing in an open platform, nurturing third-party developers, and utilizing platform-configured technology to swiftly meet customer customization requirements and reduce delivery costs.
- Plan strategic acquisition and investment.** Leveraging on our extensive industry experience, we will seek strategic acquisitions and investments that align with our growth strategy and complement our existing operations. This approach will enhance our ability to serve customers and deliver products, making us a leading company that fully empowers the digital intelligence for enterprises.
- Expand overseas business in multiple lines.** Currently, in our overseas business, our primary focus is on assisting domestic enterprises with overseas marketing on social media, CRM system development, and international precision marketing. Looking ahead, more companies will develop their overseas business, and the marketing and sales will be one of tactical steps in doing so. We will continue to help domestic companies with their overseas marketing, and at the same time cultivate localized products overseas to establish overseas agent channels, and globally serve foreign companies in overseas marketing and sales.

The first half of 2024 has come to an end. We have faced a complex and changing macroeconomic environment, emerging industry competition, and technological innovation brought about by AI. As the second half of the year begins, market competition will undoubtedly intensify. For us, this period is both full of challenges and opportunities. In recent years, China has been vigorously promoting the digital transformation of businesses and encouraging a strategy of domestic substitution, providing us with ample development opportunities and new growth potential. Grasping the favorable policies, we plan to continue enhance our technological innovations, and refine our business models to gain a competitive edge in the intense market landscape. Our ultimate goal is to achieve the Group's mission of "becoming the best partner for global enterprise digitalization and intellectualization".

**Mr. ZHAO Xulong**

*Chairman of the Board and Chief Executive Officer*

# Management Discussion and Analysis

## FINANCIAL REVIEW

### Key Operating Data

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
<b>SaaS Business</b>		
Total users	22,247	19,666
Monthly average revenue per user (RMB)	3,621	3,109
<b>Precision Marketing Services</b>		
Number of advertising customers	704	656
Average revenue per advertising customer (RMB in thousands)	482	422
Gross billing (RMB in thousands)	3,374,087	3,037,417
– Online advertisement solution services	303,049	226,301
– Online advertisement distribution services	3,071,038	2,811,116

### Revenue

Our revenue increased by 26.7% from RMB583.5 million in the six months ended June 30, 2023 to RMB739.4 million in the six months ended June 30, 2024. We generated revenue from our SaaS business and precision marketing services. Revenue from SaaS business increased by 30.4% from RMB306.7 million in the six months ended June 30, 2023 to RMB400.0 million in the six months ended June 30, 2024. Revenue from precision marketing services increased by 22.6% from RMB276.9 million in the six months ended June 30, 2023 to RMB339.4 million in the six months ended June 30, 2024. The following table sets out the breakdown of revenue by business segment in absolute amounts and as a percentage of our total revenue for the periods indicated:

	Six months ended June 30,				Year-on-year change
	2024		2023		
	Amount	%	Amount	%	%
	(Unaudited)				
	(RMB in thousands, except percentages)				
SaaS business	400,019	54.1	306,653	52.6	30.4
Precision marketing services	339,424	45.9	276,873	47.4	22.6
<b>Total</b>	<b>739,443</b>	<b>100.0</b>	583,526	100.0	26.7

## Management Discussion and Analysis

### *SaaS Services*

We offer SaaS products to meet each user's diverse needs for marketing and sales activities, helping businesses from various industries to acquire sales leads, improve conversion rates and grow sales at lower costs. We primarily offer two signature SaaS products, T Cloud and True Client, targeting the marketing process and the sales process, respectively.

In particular, T Cloud offers services for all critical stages of a typical marketing process, primarily including platform building and operation, marketing content generation, marketing content distribution, and data monitoring and analytics for different types of businesses, primarily targets B2B enterprises, which typically have businesses or high-value individuals as their clients, primarily from the machinery manufacturing, chemicals and professional services industries, etc. True Client is designed to digitalize the interactions between users' sales staff and their customers, thereby improving sales efficiency and customer experience. It provides critical functions including customer portraits management, online customer interactions management, customer services delivery, promotion of online customer activities and closing deals, and customer data analysis and modeling. True Client is and are used by both B2B and B2C enterprises, covering the industries such as consumer retail, automobile, healthcare, finance and manufacturing.

Our revenue from SaaS business increased by 30.4% from RMB306.7 million in the six months ended June 30, 2023 to RMB400.0 million in the six months ended June 30, 2024. The revenue growth was driven by the continued expansion of our SaaS business. Specifically, we had a 16.5% growth in monthly average revenue per user for the six months ended June 30, 2024, compared to the same period in 2023. Additionally, the total users for our SaaS business reached 22,247 for the six months ended June 30, 2024, marking a 13.1% increase from the same period in 2023.

### *Precision Marketing Services*

For our precision marketing business, we cooperate with media platforms with high-quality traffic to help advertisers optimize their marketing efforts by, among other things, raising brand awareness or increasing online exposure for their products or services, while reaching more potential consumers. Our advertising customers are primarily B2C companies.

Revenue from our precision marketing services increased by 22.6% from RMB276.9 million in the six months ended June 30, 2023 to RMB339.4 million in the six months ended June 30, 2024, primarily attributable to a 11.0% year-over-year increase in gross billing in the first half of 2024, as well as new customers engaged for our online advertisement solution services.

### **Cost of Services**

Our cost of services increased by 32.1% from RMB262.4 million in the six months ended June 30, 2023 to RMB346.6 million in the six months ended June 30, 2024, in line with our business expansion.

### *SaaS Business*

Our cost of services of SaaS business increased by 19.0% from RMB39.4 million in the six months ended June 30, 2023 to RMB46.9 million in the six months ended June 30, 2024. Such increase was primarily due to (i) an increase in the labor costs in relation to the growing revenue contribution from True Client products with higher contract value, and (ii) an increase in the depreciation costs due to the increased proportion of self-owned servers used to support our SaaS platform operation, driven by the growth in the number of SaaS users.

### *Precision Marketing Services*

Our cost of services of precision marketing services increased by 34.4% from RMB223.0 million in the six months ended June 30, 2023 to RMB299.6 million in the six months ended June 30, 2024, primarily due to higher traffic procurement costs corresponding to the increase in the number of customers for online advertisement solution services.

## Management Discussion and Analysis

### Gross Profit and Gross Profit Margin

Our gross profit increased by 22.3% from RMB321.1 million in the six months ended June 30, 2023 to RMB392.9 million in the six months ended June 30, 2024, while our gross profit margin slightly decreased from 55.0% in the six months ended June 30, 2023 to 53.1% in the six months ended June 30, 2024. The gross profit margin of SaaS business improved by 1.2 percentage points to 88.3% over the first half of 2023. The decrease in our overall gross profit margin was mainly attributable to the decrease in gross profit margin of the precision marketing business.

The following table sets forth a breakdown of gross profit or gross profit margin by business segment in absolute amounts and as a percentage of their respective revenues for the periods indicated:

	Six months ended June 30,		2023	Gross Profit Margin (%)
	2024	Gross Profit Margin (%)		
	Gross Profit	(%)	Gross Profit	(%)
	(Unaudited)			
	(RMB in thousands, except percentages)			
SaaS business	353,071	88.3	267,224	87.1
Precision marketing services	39,797	11.7	53,890	19.5
<b>Total</b>	<b>392,868</b>	<b>53.1</b>	321,114	55.0

#### SaaS Business

The gross profit of our SaaS business increased from RMB267.2 million in the six months ended June 30, 2023 to RMB353.1 million in the six months ended June 30, 2024, primarily driven by the growth in revenue from SaaS business. The gross profit margin of our SaaS business increased from 87.1% in the six months ended June 30, 2023 to 88.3% in the six months ended June 30, 2024. The increase in gross profit margin was primarily because (i) we had a significant increase in the customer spending, reflected by the growing monthly average revenue per user, as we continued to optimize and expand our SaaS products; and (ii) we benefited from the economies of scale, which improved overall profitability by distributing the amortized costs over a larger revenue base.

#### Precision Marketing Services

The gross profit of our precision marketing service decreased from RMB53.9 million in the six months ended June 30, 2023 to RMB39.8 million in the six months ended June 30, 2024. The decrease in gross profit was mainly due to reduced rebate rates under the adjusted media platform policies this year, which have yet to be passed on to our advertising customers. The gross profit margin of our precision marketing service decreased from 19.5% in the six months ended June 30, 2023 to 11.7% in the six months ended June 30, 2024, mainly attributable to an increase in the revenue contribution from online advertisement solutions services with a lower gross profit margin.

## Management Discussion and Analysis

### Selling and Distribution Expenses

Our selling and distribution expenses increased by 12.4% from RMB144.6 million in the six months ended June 30, 2023 to RMB162.6 million in the six months ended June 30, 2024, mainly due to the share-based payment expenses under the newly granted share incentives to our sales employees in March 2024. Our selling and distribution expenses (excluding the share-based payment expenses of RMB16.3 million) amounted to RMB146.4 million in the six months ended June 30, 2024, representing a year-on-year increase of 1.2% compared to the same period in 2023, as we continued to manage the size of the direct sales personnel in 2024.

### Administrative Expenses

Our administrative expenses increased by 41.5% from RMB98.3 million in the six months ended June 30, 2023 to RMB139.1 million in the six months ended June 30, 2024, mainly due to (i) an increase in the share-based payment expenses as a result of the Group's newly granted share incentives to our administrative employees in March 2024; and (ii) an increase in the listing expenses as we completed the IPO in May 2024 and have expensed the remaining amount. Our administrative expenses (excluding the share-based payment expenses and listing expenses) amounted to RMB77.0 million in the six months ended June 30, 2024, representing a year-on-year decrease of 5.5%, primarily due to the enhanced operational efficiency achieved through increased application of LLM and digital tools in our middle and back office operations.

### Research and Development Expenses

Our research and development expenses increased by 5.6% from RMB99.4 million in the six months ended June 30, 2023 to RMB105.0 million in the six months ended June 30, 2024, primarily due to an increase in share-based payment expenses as a result of the Group's newly granted share incentives to our research and development employees in March 2024. Our research and development expenses (excluding the share-based payment expenses of RMB8.9 million) amounted to RMB96.1 million in the six months ended June 30, 2024, representing a year-on-year decrease of 3.3%, as we continued to focus our internal research and development resources on the in-house development of core technologies and maintained a reasonable size of our research and development team.

### Other Income and Gains

Our other income and gains decreased by 4.7% from RMB21.3 million in the six months ended June 30, 2023 to RMB20.3 million in the six months ended June 30, 2024, primarily due to the decrease in government grants refunding additional deductible VAT that we were entitled to.

### Finance Costs

Our finance costs increased by 15.2% from RMB16.4 million in the six months ended June 30, 2023 to RMB18.9 million in the six months ended June 30, 2024, primarily due to increased interest expenses arising from additional bank borrowings in the first half of 2024 to support our business expansion.

### Fair Value Changes of Convertible Redeemable Preferred Shares

Fair value changes of convertible redeemable preferred shares increased from RMB26.7 million in the six months ended June 30, 2023 to RMB780.5 million in the six months ended June 30, 2024, as a result of the conversion of all preferred shares to ordinary shares upon listing, with the changes in fair value being recognized under the offer price.

### Other Expenses

Our other expenses increased from RMB0.2 million in the six months ended June 30, 2023 to RMB2.8 million in the six months ended June 30, 2024, mainly due to (i) disposal of office equipment and furniture and (ii) foreign exchange losses due to fluctuations in exchange rate.

## Management Discussion and Analysis

### Impairment for Financial Assets

Our impairment for financial assets remained relatively stable, being RMB24.5 million and RMB24.4 million in the six months ended June 30, 2023 and 2024, respectively.

### Income Tax Expenses

We recorded income tax expense of RMB55 thousand and income tax expense of RMB9 thousand in the six months ended June 30, 2023 and 2024, respectively.

### Loss for the Period

As a result of the foregoing, our net loss increased from RMB67.7 million in the six months ended June 30, 2023 to RMB820.2 million in the six months ended June 30, 2024.

### Non-IFRS Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit/(loss) (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from period-on-period and company to company by eliminating potential impacts of certain items.

We believe adjusted net profit/(loss) (non-IFRS measure) provides useful information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit/(loss) (non-IFRS measure) 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 table reconciles our adjusted net profit/(loss) for the periods presented to the most directly comparable financial measures calculated and presented in accordance with IFRS, which are net loss for the period:

	<b>Six months ended June 30,</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Reconciliation of net loss to adjusted net profit/(loss) (non-IFRS measure):</b>		
Net loss for the period	<b>(820,178)</b>	(67,674)
Add:		
Fair value changes of convertible redeemable preferred shares	<b>780,539</b>	26,667
Listing expenses	<b>20,260</b>	12,662
Share-based compensation expenses	<b>67,060</b>	4,189
<b>Adjusted net profit/(loss) for the period (non-IFRS measure)</b>	<b>47,681</b>	(24,156)

## Management Discussion and Analysis

### Liquidity and Financial Resources

As of June 30, 2024, we had a liquidity of RMB368.5 million, which includes cash and cash equivalents and restricted cash. We believe that this level of liquidity is sufficient to finance our operations, having considered our business development and expansion plans.

	<b>As of June 30, 2024 RMB'000 (Unaudited)</b>
Restricted cash	7,885
Cash and cash equivalents	360,621

### Indebtedness

	<b>As of June 30, 2024 RMB'000 (Unaudited)</b>
Borrowings	900,149
Lease liabilities – Current	41,878
Lease liabilities – Non-current	55,465

As of June 30, 2024, we had unutilized banking facility of approximately RMB70.0 million.

We monitored capital using gearing ratio. As of June 30, 2024, our Group's gearing ratio was 54.6%, which is calculated as net debt divided by total capital at the end of each financial period. Net debt equals to our total borrowings and lease liabilities less restricted cash and cash and cash equivalents. Total capital is calculated as total equity plus net debt.

### Free Cash Flow

Free cash flow represents net cash used in operating activities plus capital expenditures. In the six months ended June 30, 2024, we had free cash outflow amounting to RMB61.0 million, representing a decrease of 23.0% from RMB79.2 million in the six months ended June 30, 2023.

	<b>Six months ended June 30,</b>	
	<b>2024 RMB'000 (Unaudited)</b>	<b>2023 RMB'000 (Unaudited)</b>
Net cash used in operating activities	<b>(57,257)</b>	(60,823)
Capital expenditures	<b>(3,729)</b>	(18,359)
<b>Total</b>	<b>(60,986)</b>	(79,182)

# Management Discussion and Analysis

## Treasury Policy

The Group adopts a prudent treasury management policy to actively monitor its liquidity and maintain sufficient financial resources for future development. Based on this, the Group regularly reviews and adjusts its financial structure to ensure financial resources are used in the best interests of the Group.

## Pledge of Assets

As of June 30, 2024, we pledged trade receivables, other receivables and onshore bank deposits of RMB245.3 million, as well as offshore bank deposits of USD26.9 million for bank and other borrowings.

## Significant Investments Held

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

## Future Plans for Material Investments and Capital Assets

As of June 30, 2024, we had no specific plan for material investments and acquisition of capital assets.

## Capital Commitments

As of June 30, 2024, we had no significant capital commitments.

## Contingent Liabilities

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

## Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

For the six months ended June 30, 2024, we did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## Foreign Exchange Risk

Our Group mainly operates in Mainland China and Hong Kong with most of our monetary assets, liabilities and transactions principally denominated in Renminbi and United States dollars. Our Group has not used any derivative to hedge its exposure to foreign currency risk.

## Employees

As of June 30, 2024, we had 1,665 full-time employees, the majority of whom are based in Shanghai, China. For the Reporting Period, the total staff cost of the Group (excluding the share-based payment expenses) was RMB189,191,000. Our success depends on our ability to attract, retain and motivate qualified personnel. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses, and other incentives. As a result, we have a strong track record in attracting and retaining our core employees. We primarily recruit our employees in China through internal references and recommendations, and online channels such as third-party employment websites. As a matter of policy, we provide a robust training program for new employees. We believe such programs are effective in equipping them with the skill set and work ethic we require of employees. We also provide regular and specialized training, both online and offline, tailored to the needs of our employees in different departments.



## Other Information

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Company's development and protection of Shareholders' interests. The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance practices since May 16, 2024 (the "**Listing Date**").

The Board is of the view that from the Listing Date to June 30, 2024, the Company has complied with all the applicable code provisions as set out in the CG Code, except for code provision C.2.1 described below. The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

Pursuant to code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhao Xulong ("**Mr. Zhao**") is currently the chairman of the Board and the chief executive officer of the Company. Notwithstanding the deviation from code provision C.2.1 of Part 2 of the CG Code, given Mr. Zhao's substantial contribution to the Group since its establishment and his extensive knowledge and experience in the industry, the Board considers that vesting the roles of both chairman of the Board and chief executive officer of the Company in Mr. Zhao provides the Group with strong and consistent leadership, enabling more effective and efficient overall strategic planning for the Group. While this would constitute a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by the Board requires approval by at least a majority of the Directors, and the Board comprises three independent non-executive Directors, which is in compliance with the requirement under the Listing Rules; (ii) Mr. Zhao and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, inter alia, that he/she acts for the benefit and in the best interests of our Company and makes decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels and the balance of power and authority for the present arrangement will not be impaired. The Board will continue to review the effectiveness of the corporate governance structure of our Group from time to time and consider the appropriate move to take when appropriate.

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding dealings in the securities of the Company by the Directors. Specific enquiries have been made to all Directors and all Directors have confirmed that they have complied with the Model Code since the Listing Date up to June 30, 2024.

## Other Information

### INTERIM DIVIDEND

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

### AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Mr. Chen Chen, Mr. Qin Ci and Mr. Yang Tao. The chairman of the Audit Committee is Mr. Chen Chen.

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended June 30, 2024. The Audit Committee considered that the unaudited consolidated interim results of the Group for the six months ended June 30, 2024 are in compliance with the applicable accounting standards. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company with the management of the Company.

### CHANGES TO DIRECTORS’ INFORMATION

On May 13, 2024, Mr. Chen Chen has resigned as an independent director and the chairman of the audit committee and a member of the nominating and corporate governance committee of FLJ GROUP LIMITED, a company listed on NASDAQ (NASDAQ : FLJ) (formerly known as Q&K International Group Limited (NASDAQ: QK)).

Save as disclosed in this interim report, the Company is not aware of any changes in the information of Directors and chief executive which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Prospectus and up to the date of this interim report.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Listing Date up to June 30, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

As at the date of this interim report, the Company did not hold any treasury shares (including any treasury shares held or deposited with CCASS).

### EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this interim report, there were no other significant events occurred subsequent to June 30, 2024 and up to the date of this interim report.

## Other Information

### USE OF PROCEEDS FROM THE LISTING

The shares of the Company were listed on the Stock Exchange on May 16, 2024. The net proceeds from the initial public offering of the shares of the Company on the Main Board of the Stock Exchange (after deducting underwriting fees and other related expenses) were approximately HKD181.1 million. The proceeds had not been utilized and the Company intends to utilize such proceeds from the global offering for the purposes and in the amounts as disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated May 7, 2024 (the "**Prospectus**"), namely:

<b>Intended purpose of net proceeds</b>	<b>Net proceeds from the global offering</b> (HKD million)	<b>Actual net amount utilized as of June 30, 2024</b> (HKD million)	<b>Unutilized net amount as of June 30, 2024</b> (HKD million)	<b>Expected timeline of full utilization</b>
Enhance our Marketingforce platform and cloud-based offerings	36.2	–	36.2	May 2027
Improve our underlying technologies including AI, big data analysis and cloud computing	54.3	–	54.3	May 2027
Expand our sales network, enhance customer success system and improve brand presence	54.3	–	54.3	May 2027
Achieve strategic investment and acquisition to enhance our Marketingforce platform, enrich our product matrix and improve existing product functions	27.2	–	27.2	May 2027
Working capital and general corporate purposes	9.1	–	9.1	May 2027
<b>Total</b>	<b>181.1</b>	<b>–</b>	<b>181.1</b>	

*Note:* Due to rounding, there may be a difference between the sum of the individual sub-values and the total amount. The expected timeline for using the unutilized net proceeds is based on the best estimation of the business market situations made by the Company and might be subject to changes based on the market conditions and business development.

## Other Information

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2024, the interests and short positions of the Directors, and the 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) as 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 he/she is keen to taken or deemed to have under such provisions of the SFO), or as recorded in the registered maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### (i) Interest in the Company

Name	Class of Shares	Nature of Interest	Number of Shares held/interested <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
Mr. Zhao Xulong <sup>(3)</sup>	Ordinary Shares	Founder of a discretionary trust	114,088,000 (L)	49.72%
		Interest in controlled corporation	2,837,000 (L)	
Mr. Xu Jiankang <sup>(4)</sup>	Ordinary Shares	Interest in controlled corporation	19,251,800 (L)	8.19%
Ms. Zhao Fangqi <sup>(5)</sup>	Ordinary Shares	Interest in controlled corporation	15,401,000 (L)	6.55%

Notes:

- (L) denotes long position.
- The calculation is based on the total number of 235,164,100 Shares in issue as at June 30, 2024.
- Real Force Limited and Precious Sight Limited were incorporated in the British Virgin Islands for the purpose of family wealth management and estate planning to hold in aggregate 114,088,000 Shares in the Company as at June 30, 2024, both of which are indirectly controlled by the Founders' Family Trust with Mr. Zhao as the settlor, THE CORE TRUST COMPANY LIMITED as the trustee, Ms. Zhu as the protector and Willam Zhao Limited (which is wholly owned by Mr. Zhao) and Shuina Zhu Limited (which is wholly owned by Ms. Zhu) as beneficiaries. Further, Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited, also directly held 2,837,000 Shares in the Company as at June 30, 2024.

As such, as at June 30, 2024, each of Mr. Zhao and Ms. Zhu is deemed to be interested in a total of 116,925,000 Shares comprising (i) 114,088,000 Shares controlled through the Founders' Family Trust; and (ii) 2,837,000 Shares through Willian Zhao I Limited, a company wholly owned by Mr. Zhao through Willam Zhao Limited.

## Other Information

4. Shanghai Hongyu Limited, a company incorporated on February 9, 2021 in BVI as our offshore employee stock ownership platform, was owned by Mr. Xu Jiankang, our executive Director and senior vice president, and other 15 staff of our Group, all being the beneficial owners of the shares of Shanghai Hongyu Limited, as to 39.41% and 60.59%, respectively, as at June 30, 2024. Save for Mr. Xu Jiankang, none of the remaining staff holds 30% or more interest in Shanghai Hongyu Limited as at June 30, 2024.

On April 25, 2024, Shanghai Hongyu Limited transferred all Shares in the Company held by it to DRIVING FORCE DEVELOPMENTS LIMITED (being the BVI-incorporated holding vehicle) for the benefit of a trust (the "**Hongyu Trust**") with Shanghai Hongyu Limited as the settlor and beneficiary, and THE CORE TRUST COMPANY LIMITED as trustee. As such, as at June 30, 2024, Mr. Xu Jiankang is deemed to be interested in the 19,251,800 Shares held through the Hongyu Trust by Shanghai Hongyu Limited.

5. Fangqi Zhao Limited, a company incorporated on February 8, 2021 in BVI, was wholly owned by Ms. Zhao Fangqi as at June 30, 2024. For wealth management and estate planning purpose, on April 25, 2024, Ms. Zhao Fangqi transferred all Shares in the Company held by her through Fangqi Zhao Limited to Rosy Maple Limited (being a BVI-incorporated holding vehicle) for the benefit of a trust (the "**Fangqi Trust**") with Ms. Zhao Fangqi as the settlor, Fangqi Zhao Limited as beneficiary and THE CORE TRUST COMPANY LIMITED as trustee. As such, as at June 30, 2024, Ms. Zhao Fangqi is deemed to be interested in the 15,401,000 Shares held through the Fangqi Trust by Fangqi Zhao Limited.

### (ii) Interest in associated corporation

Name	Position in the Group	Name of associated corporations	Nature of Interest	Approximate percentage shareholding in the associated corporation <sup>(4)</sup>
Mr. Zhao <sup>(1)</sup>	Chairman of the Board, executive Director and chief executive officer	Trueland Information and Technology (Shanghai) Co., Ltd.	Beneficial owner Interest of spouse	39.85% 33.70%
Mr. Xu Jiankang <sup>(2)</sup>	executive Director and senior vice president	Trueland Information and Technology (Shanghai) Co., Ltd.	Interest in controlled corporation	10.87%
Ms. Zhao Fangqi <sup>(3)</sup>	Non-executive Director	Trueland Information and Technology (Shanghai) Co., Ltd.	Beneficial owner	8.70%

#### Notes:

- As of June 30, 2024, Mr. Zhao controls 73.55% of the equity interest in Trueland Information and Technology (Shanghai) Co., Ltd. ("**Shanghai Trueland**"), including (i) directly holds 39.85% of the equity interest, (ii) deemed to have 33.70% of the equity interest held by Ms. Zhu Shuina ("**Ms. Zhu**"), the spouse of Mr. Zhao.
- As of June 30, 2024, Mr. Xu Jiankang is deemed to control 10.87% of the equity interest in Shanghai Trueland indirectly through Shanghai Hongyu, which is owned as to 39.41% by Mr. Xu Jiankang, the general partner of Shanghai Hongyu.
- As of June 30, 2024, Ms. Zhao Fangqi directly controls 8.70% of the equity interest in Shanghai Trueland.
- The percentage figures disclosed under "Approximate percentage of shareholding in the associated corporation" were calculated based on the 27,600,000 Shares, being the number of total issued Shares of the Shanghai Trueland as of June 30, 2024.

Save as disclosed above, as at June 30, 2024, to the knowledge of the Board, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) 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 the Directors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons/entities had an interest or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company (the interests in Shares and/or short positions, if any, disclosed herein are in addition to those disclosed in respect of the Directors and chief executive of the Company):

Name of Substantial Shareholders	Class of Shares	Nature of Interest	Number of Shares <sup>(1)</sup>	Approximate percentage of shareholding <sup>(2)</sup>
TCT (BVI) Limited	Ordinary Shares	Interest in controlled corporation	167,626,400 (L)	71.28%
THE CORE TRUST COMPANY LIMITED	Ordinary Shares	Trustee	167,626,400 (L)	71.28%
Willam Zhao Limited	Ordinary Shares	Beneficiary of a trust	114,088,000 (L)	49.72%
		Interest in controlled corporation	2,837,000 (L)	
Ms. Zhu	Ordinary Shares	Interest of spouse	2,837,000 (L)	49.72%
		Interest in controlled corporation	114,088,000 (L)	
Seraphic Ventures Limited	Ordinary Shares	Interest in controlled corporation	114,088,000 (L)	48.51%
Shuina Zhu Limited	Ordinary Shares	Beneficiary of a trust	114,088,000 (L)	48.51%
Precious Sight Limited	Ordinary Shares	Beneficial owner	59,680,400 (L)	25.38%
Real Force Limited	Ordinary Shares	Beneficial owner	54,407,600 (L)	23.14%
Mr. ZHU Zhengguo	Ordinary Shares	Interest in controlled corporation	24,794,000 (L)	10.54%
NB DIGITAL Evergreen Investment Limited Partnership	Ordinary Shares	Beneficial owner	21,161,600 (L)	9.00%
Shanghai Hongyu Limited	Ordinary Shares	Beneficiary of a trust	19,251,800 (L)	8.19%
DRIVING FORCE DEVELOPMENTS LIMITED	Ordinary Shares	Beneficial owner	19,251,800 (L)	8.19%
ROWLAND GLOBAL HOLDINGS LIMITED	Ordinary Shares	Interest in controlled corporation	19,251,800 (L)	8.19%
Balmy Days Limited	Ordinary Shares	Interest in controlled corporation	15,401,000 (L)	6.55%
Rosy Maple Limited	Ordinary Shares	Beneficial owner	15,401,000 (L)	6.55%
Fangqi Zhao Limited	Ordinary Shares	Beneficiary of a trust	15,401,000 (L)	6.55%

Notes:

- (L) denotes long position.
- The calculation is based on the total number of 235,164,100 Shares in issue as at June 30, 2024.

## Other Information

Save as disclosed above, as at June 30, 2024, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### PRE-IPO RSU SCHEME

#### 1. Summary of Terms

The following is a summary of the principal terms of the RSU Scheme of the Company as approved and adopted by the Board on November 10, 2021 (the “**Adoption Date**”) and amended from time to time. The RSU Scheme is funded solely by the existing Shares of the Company held by Isle Wealth Limited. The RSU Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards by our Company after the Listing.

##### (a) Purpose

The purpose of the RSU Scheme is to recognize and reward part of the employees (including directors, officers and members of senior management) of the Group for their contribution to the Group, to attract the best available personnel to provide service to the Group, and to provide additional incentives to them to remain with and further promote the success of the Group’s business.

##### (b) Who may join

Those who may be eligible to participate in the RSU Scheme (the “**RSU Participants**”) include any employee of the Group, including employees (including directors, officers and members of senior management) of the Group. Subject to the terms of the RSU Scheme, the administrator designated by the Board from time to time (the “**Administrator**”, and being Mr. Zhao as of June 30, 2024) may, from time to time, select from among all eligible RSU Participants to whom awards of RSUs (“**Awards**”) shall be granted, and determine, among other things, the amount of Awards.

##### (c) RSU Limit

The total number of shares underlying the RSU Scheme shall not exceed 1,052,640 (being the initial 52,632 shares of the Company with par value of US\$0.0001 as adjusted by the 2022 Share Subdivision (the subdivision of each issued and unissued ordinary share and the Preferred Share in the Company with a par value of US\$0.0001 into 20 shares with a par value of US\$0.000005 each with effect from August 8, 2022, the details of which are described in “History, Reorganization, and Corporate Development – 2022 Share Subdivision” in the Prospectus) and subject to further adjustment by the Share Subdivision (as defined below)). Shares as of the Adoption Date of the RSU Scheme were initially held by Isle Wealth Limited, representing approximately 4.48% of the issued Shares upon completion of the Share Subdivision and the Global Offering. Isle Wealth Limited, holding the unvested Shares in accordance with this Scheme, whether directly or indirectly, shall abstain from voting on matters that require Shareholders’ approval under the Listing Rules and the provisions of the memorandum and articles of association of the Company, unless otherwise required by law to vote in accordance with the beneficial owner’s direction and such a direction is given.

## Other Information

The Company will ensure that subject to any applicable laws, regulations and rules: (a) upon the completion of the Listing, the maximum limit of the total number of the shares to be issued by the Company under the RSU Scheme in any financial year will not exceed 3% of the total Shares in issue as at the beginning of that financial year; (b) the total number of shares issued and to be issued to a grantee in any 12-month period will not exceed 1% of the total number of shares in issue at any time during this 12-month period; and (c) to the extent that any Award under the RSU Scheme is cancelled, expired, forfeited, surrendered, or otherwise terminated without delivery of shares to the RSU Participants, in whole or in part, or any RSU lapses, the shares underlying the RSUs shall not be deemed to have been utilized under the RSU Scheme and will not be available for future Awards under the RSU Scheme.

### (d) Administration

The RSU Scheme shall be subject to the administration of the Administrator in accordance with the terms and conditions of the RSU Scheme. The Administrator shall have the sole and absolute right to:

- (i) to interpret and construe the provisions of the RSU Scheme;
- (ii) to determine the persons who will be granted Awards under the RSU Scheme, the terms and conditions on which Awards are granted, and when the RSUs granted pursuant to RSU Scheme may vest;
- (iii) to make such appropriate and equitable adjustments to the terms of the Awards granted under this Scheme as it deems necessary;
- (iv) to make such other decisions or determinations as it shall deem appropriate or desirable in respect of the foregoing (i) and (ii); and
- (v) All the decisions, determinations and interpretations made by the Administrator in accordance with the RSU Scheme shall be final, conclusive and binding on all parties.

### (e) Grant of Awards

The Administrator is authorized to, at any time during the term of the RSU Scheme to make a grant of Awards ("**Grant**") to any RSU Participant, as the Administrator may in its absolute discretion determine. The amount of an Award may be determined at the sole and absolute discretion of the Administrator and may differ among selected RSU Participants. The consideration payable by a RSU Participant to the trustee of the RSU Scheme ("**Trustee**") for acceptance of the Award under the RSU Scheme shall be determined at the sole and absolute discretion of the Administrator and any such consideration shall be held by the Trustee and be applied by the Trustee as it deems appropriate or desirable in accordance with the terms of the RSU Scheme.

Subject to limitations and conditions of the RSU Scheme, the Administrator may authorize the relevant Trustee by written notification to grant to each of the RSU Participants an offer of a grant of Award by way of a grant agreement, a letter or any such notice or document in such form as the Administrator may from time to time determine ("**Notice of Grant**") for acceptance by the selected RSU Participants who accepts a Grant in accordance with the terms of the RSU Scheme ("**Grantee**", including any person who is entitled to any Award in consequence of the death of the original Grantee), subject to additional terms and conditions that the Administrator thinks fit which shall be stated in the Notice of Grant.



## Other Information

### (f) **Restrictions on Grant**

No Grant shall be made to, nor shall any Grant be capable of acceptance by, any selected RSU Participant at a time when the selected RSU Participant would or might be prohibited from dealing in the Shares by the Listing Rules (where applicable) or by any other applicable rules, regulations or law. For as long as the Shares are listed on the Stock Exchange:

- (i) a Grant must not be made after inside information has come to the knowledge of the Administrator or the Company until such inside information has been announced in accordance with the requirements of the Listing Rules;
- (ii) a Grant shall not be made on any day on which the financial results of the Company are published and during the period of: (a) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and (b) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results; and
- (iii) if required by the Stock Exchange or the Listing Rules, the grant of an Award shall be subject to compliance with the requisite requirements under the Listing Rules or otherwise required by the Stock Exchange.

Upon completion of the Offering, any Grant to any director, chief executive, substantial shareholder of the Company, or any of their respective associates (as defined under the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.95 of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his service contract.

The Administrator may not grant any Awards to any Participants in any of the following circumstances:

- (i) the requisite approvals for that Grant from any applicable regulatory authorities have not been obtained;
- (ii) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the Grant or in respect of this Scheme;
- (iii) where the Grant would result in a breach of any applicable securities laws, rules or regulations by any member of the Group or any of its directors;
- (iv) the Grant would result in the breach of the RSU Limit stipulated in Clause 4 above or other rules of this Scheme.

## Other Information

### (g) **Duration of the RSU Scheme**

The term of the RSU Scheme commenced on the Adoption Date and for a term of ten (10) years after Adoption Date unless sooner terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee hereunder. No further Awards shall be granted after the RSU Scheme is terminated but, in all other respects, the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the Trustee and all Grantees of such termination and how the Shares held by the Trustee on trust and other interests or benefits shall be dealt with, provided that Shares held by the Trustee shall not be transferred to the Company and the Company shall not otherwise hold any Shares or any interest in Shares whatsoever (other than any interest in the proceeds of the sale of such Shares).

### (h) **Vesting of Awards**

Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each Award, the RSUs granted in an Award shall be subject to a vesting period, which shall be no less than 12 months, and to the satisfaction of performance milestones or targets and/or other conditions to be determined by the Administrator (if any) in its sole and absolute discretion. If such conditions are not satisfied, the RSU shall automatically lapse on the date on which any such condition is not satisfied, as determined by the Administrator in its sole and absolute discretion.

Subject to the to the terms of the RSU Scheme, the RSUs which have vested shall be satisfied at the Administrator's sole and absolute discretion within a reasonable period from the vesting date of such RSUs, either by:

- (i) directing and procuring the relevant Trustee to transfer the Shares underlying the RSUs (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares) to the Grantee or his wholly-owned entity (as represented by the Grantee); and/or
- (ii) directing and procuring the Trustee to pay to the Grantee in cash an amount which is equivalent to the market value of the Shares (and, if applicable, the cash or non-cash income, dividends or distributions and/or the sale proceeds of non-cash and non-scrip distributions in respect of those Shares).

### (i) **Transferability**

Any RSU granted pursuant to the RSU Scheme shall be personal to the Grantee and shall not be assignable or transferable, except assignment or transfer from a Grantee to a company wholly owned by him or between two companies both of which are wholly owned by him. The terms of the RSU Scheme and the Notice of Grant shall be binding upon the assigns and transferees of the Grantee. Following an RSU Participant's death, Awards, to the RSUs are vested upon the Participant's death, they may be transferred by will or by the laws of descent and distribution.

No Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber, hedge or create any interest in favour of any other person over or in relation to any RSU or any property held by the Trustee on trust for the Grantees, Awards, Shares underlying any Awards or RSUs or any interest or benefits therein.

## Other Information

**(j) Lapse**

Subject to the terms of the RSU Scheme, the unvested RSUs shall automatically lapse upon the earliest of:

- (i) the date of the termination of Grantee's employment or service by any member of the Group;
- (ii) the date on which the offer (or, as the case may be, revised offer) closes;
- (iii) the record date for determining emolument under the scheme of arrangement;
- (iv) the date of the commencement of the winding-up of the Company;
- (v) the date on which the Grantee commits a breach of transferability;
- (vi) the date on which it is no longer possible to satisfy any outstanding conditions to vesting;
- (vii) the Administrator has decided that the unvested RSUs shall not be vested for the Grantee in accordance with the rules of this Scheme and the terms and conditions as set out in the Notice of Grant.

**(k) Alteration and termination of the RSU Scheme**

The Board may alter the RSU Scheme at any time in such respects as the Board may deem advisable, provided that the Company shall obtain necessary approval of any RSU Scheme amendment in such a manner and to such a degree as required.

Without altering the RSU Scheme, the Board may grant awards to RSU Participants on such terms and conditions different from those specified in the RSU Scheme as may in the judgment of the Board be necessary to foster and promote the achievement of the purposes of the RSU Scheme.

The RSU Scheme may be terminated at any time prior to the expiry of its term by the Board provided that such termination shall not affect any subsisting rights of any Grantee. No further Awards shall be granted after the RSU Scheme is terminated but, in all other respects, the provisions of the RSU Scheme shall remain in full force and effect. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid. In such event, the Administrator shall notify the Trustee and all Grantees of such termination and how the Shares held by the Trustee on trust and other interests or benefits shall be dealt with, provided that Shares held by the Trustee shall not be transferred to the Company and the Company shall not otherwise hold any Shares or any interest in Shares whatsoever (other than any interest in the proceeds of the sale of such Shares).

## Other Information

### 2. RSUs granted under the RSU Scheme

As of June 30, 2024, our Company had granted Awards in the form of RSUs representing an aggregate of 10,526,400 Shares, representing approximately 4.48% of the issued Shares of the Company, to 13 employees of our Group, who are all independent third parties.

<b>Name of Participants</b>	<b>Grant Date</b>	<b>Number of Shares underlying Awards granted</b>	<b>Vesting Period</b>	<b>Approximate percentage of shareholding</b>
13 employees of the Group	March 1, 2024	1,052,640 <sup>(1)</sup>	March 1, 2024 to March 1, 2026	4.48%

*Note:*

- On March 1, 2024, the Company granted Awards in the form of RSUs representing an aggregate of 1,052,640 shares of the Company (being the initial shares of the Company before adjustment by the Share Subdivision, which was conducted by the Company immediately before the Listing, pursuant to which each Ordinary Share and Preferred Share with par value US\$0.000005 in its issued and unissued share capital was subdivided into ten Shares with par value US\$0.000005 each). Upon completion of the Share Subdivision, the total number of Shares underlying Awards granted was 10,526,400 Shares.

Upon the Listing and as at June 30, 2024, no Awards were vested, cancelled or lapsed under the RSU Scheme and all of the Awards were unvested. As all Shares underlying the Awards have already been issued to Isle Wealth Limited prior to the Listing, the unvested Awards will not have any dilutive effect on the shareholding of the Company.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report, the Company did not grant any rights to any Directors, chief executive or their respective spouse or children under the age of 18 to acquire beneficial interests by means of the acquisition of Shares in, or debentures of, the Company, and none of the above persons have exercised the said rights during the Period. The Company, its holding company or any of its subsidiaries were not a party to any arrangements to enable the Directors to acquire such rights in any other body corporate.

## Unaudited Condensed Consolidated Statement of Profit or Loss

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	<b>739,443</b>	583,526
Cost of services		<b>(346,575)</b>	(262,412)
GROSS PROFIT		<b>392,868</b>	321,114
Other income and gains	5	<b>20,330</b>	21,338
Selling and distribution expenses		<b>(162,636)</b>	(144,552)
Administrative expenses		<b>(139,082)</b>	(98,302)
Research and development expenses		<b>(105,035)</b>	(99,440)
Fair value changes of convertible redeemable preferred shares	19	<b>(780,539)</b>	(26,667)
Other expenses		<b>(2,808)</b>	(175)
Impairment for financial assets		<b>(24,375)</b>	(24,525)
Finance costs	7	<b>(18,892)</b>	(16,410)
LOSS BEFORE TAX	6	<b>(820,169)</b>	(67,619)
Income tax expense	8	<b>(9)</b>	(55)
LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY		<b>(820,178)</b>	(67,674)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted (RMB)	10	<b>(4.33)</b>	(0.40)

## Unaudited Condensed Consolidated Statement of Comprehensive Income

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
LOSS FOR THE PERIOD	<b>(820,178)</b>	(67,674)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		
– Change in fair value of financial assets at fair value through other comprehensive income	<b>7</b>	21
– Exchange differences on translation of foreign operations	<b>(3,501)</b>	(20,775)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		
– Exchange differences on translation of the Company	<b>1,369</b>	(21,090)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	<b>(2,125)</b>	(41,844)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY	<b>(822,303)</b>	(109,518)

## Unaudited Condensed Consolidated Statement of Financial Position

	Notes	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>63,293</b>	93,353
Right-of-use assets	12	<b>74,988</b>	115,316
Intangible assets		<b>4,650</b>	2,884
Prepayments, other receivables and other assets	14	<b>14,028</b>	17,459
Contract acquisition costs	4	<b>2,505</b>	1,390
<b>Total non-current assets</b>		<b>159,464</b>	230,402
<b>CURRENT ASSETS</b>			
Trade and bills receivables	13	<b>121,317</b>	112,663
Contract acquisition costs	4	<b>47,309</b>	38,406
Prepayments, other receivables and other assets	14	<b>1,667,662</b>	1,711,324
Financial assets at fair value through other comprehensive income		<b>91</b>	1,602
Restricted cash	15	<b>7,885</b>	20,481
Time deposits with original maturity of more than three months	15	<b>241,554</b>	50,000
Cash and cash equivalents	15	<b>360,621</b>	138,022
<b>Total current assets</b>		<b>2,446,439</b>	2,072,498
<b>CURRENT LIABILITIES</b>			
Trade payables	16	<b>54,662</b>	50,950
Other payables and accruals	17	<b>529,309</b>	612,701
Interest-bearing bank and other borrowings	18	<b>900,149</b>	619,812
Lease liabilities	12	<b>41,878</b>	54,304
Contract liabilities	4	<b>429,210</b>	509,788
Tax payable		<b>7</b>	7
Convertible redeemable preferred shares	19	<b>-</b>	1,223,789
Other current liabilities	20	<b>26,830</b>	32,894
<b>Total current liabilities</b>		<b>1,982,045</b>	3,104,245
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>464,394</b>	(1,031,747)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>623,858</b>	(801,345)

## Unaudited Condensed Consolidated Statement of Financial Position

	Notes	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	12	<b>55,465</b>	89,643
Other payables and accruals	17	<b>780</b>	3,370
Contract liabilities	4	<b>44,055</b>	66,337
<b>Total non-current liabilities</b>		<b>100,300</b>	159,350
<b>Net assets/(liabilities)</b>		<b>523,558</b>	(960,695)
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	21	<b>1</b>	1
Other reserves	22	<b>523,557</b>	(960,696)
<b>Total equity/(deficiency in assets)</b>		<b>523,558</b>	(960,695)



## Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Note	Share capital	Capital reserve	Share-based payment reserve	Fair value reserve	Statutory reserve	Foreign currency translation reserve	Accumulated losses	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023		1	(222,349)	38,322	(21)	5,213	(84,284)	(516,775)	(779,893)
Loss for the period		-	-	-	-	-	-	(67,674)	(67,674)
Other comprehensive loss for the period:									
- Change in fair value of financial assets at fair value through other comprehensive income		-	-	-	21	-	-	-	21
- Exchange differences on translation		-	-	-	-	-	(41,865)	-	(41,865)
Total comprehensive loss for the period		-	-	-	21	-	(41,865)	(67,674)	(109,518)
Equity-settled share option arrangements	23	-	-	4,189	-	-	-	-	4,189
As at 30 June 2023 (unaudited)		1	(222,349)	42,511	-	5,213	(126,149)	(584,449)	(885,222)



## Unaudited Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the Company								
	Notes	Share capital RMB'000	Capital reserve* RMB'000	Share-based payment reserve* RMB'000	Fair value reserve* RMB'000	Statutory reserve* RMB'000	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
As at 31 December 2023 and 1 January 2024		1	(222,349)	46,700	(8)	9,558	(103,999)	(690,598)	(960,695)
Loss for the period		-	-	-	-	-	-	(820,178)	(820,178)
Other comprehensive loss for the period:									
- Change in fair value of financial assets at fair value through other comprehensive income		-	-	-	7	-	-	-	7
- Exchange differences on translation		-	-	-	-	-	(2,132)	-	(2,132)
Total comprehensive loss for the period		-	-	-	7	-	(2,132)	(820,178)	(822,303)
Net proceeds from issue of shares from initial public offering	21	-	232,141	-	-	-	-	-	232,141
Automatic conversion of convertible redeemable preferred shares upon the global offering		-	2,007,355	-	-	-	-	-	2,007,355
Equity-settled share option arrangements	23	-	-	67,060	-	-	-	-	67,060
As at 30 June 2024 (unaudited)		1	2,017,147	113,760	(1)	9,558	(106,131)	(1,510,776)	523,558

\* These reserve accounts comprise the consolidated reserves of RMB523,557,000 in the condensed consolidated statement of financial position as at 30 June 2024.

## Unaudited Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before tax		<b>(820,169)</b>	(67,619)
Adjustments for:			
Depreciation of items of property, plant and equipment	11	<b>29,028</b>	20,927
Amortization of intangible assets		<b>1,108</b>	872
Depreciation of right-of-use assets	12	<b>19,758</b>	28,752
Recognition of equity-settled share-based payments	23	<b>67,060</b>	4,189
Losses on disposal of items of property, plant and equipment		<b>1,250</b>	30
Gains on disposal of right-of-use assets and lease liabilities	5	<b>(5,154)</b>	(291)
Gains on modification of right-of-use assets and lease liabilities	5	<b>(4,743)</b>	–
Impairment for financial assets	6	<b>24,375</b>	24,525
Fair value changes of convertible redeemable preferred shares	19	<b>780,539</b>	26,667
Finance costs	7	<b>18,892</b>	16,410
Bank interest income	5	<b>(510)</b>	(556)
Investment income on time deposits with original maturity of more than three months	5	<b>(1,715)</b>	–
Net foreign exchange losses		<b>1,269</b>	93
Decrease in restricted cash		<b>12,110</b>	4,686
(Increase)/decrease in trade and bills receivables		<b>(20,012)</b>	4,559
Decrease/(increase) in prepayments, other receivables and other assets		<b>33,548</b>	(213,539)
Increase in contract acquisition costs		<b>(10,018)</b>	(256)
Increase in trade payables		<b>3,712</b>	9,403
(Decrease)/increase in other payables and accruals		<b>(80,680)</b>	80,245
Decrease in financial assets at fair value through other comprehensive income		<b>1,518</b>	2,076
Decrease in contract liabilities		<b>(102,860)</b>	(2,935)
(Decrease)/increase in other current liabilities		<b>(6,064)</b>	383
Cash used in operations		<b>(57,758)</b>	(61,379)
Interest received		<b>510</b>	556
Income tax (paid)/returned		<b>(9)</b>	–
Net cash flows used in operating activities		<b>(57,257)</b>	(60,823)

## Unaudited Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Disposal of property, plant and equipment		34	131
Purchase of intangible assets		(2,875)	(534)
Purchases of items of property, plant and equipment		(854)	(17,825)
Placement of time deposits with original maturity of more than three months		(191,097)	–
<b>Net cash flows used in investing activities</b>		<b>(194,792)</b>	(18,228)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease payments	12	(19,402)	(38,248)
Proceeds from interest-bearing bank and other borrowings		844,783	513,546
Repayment of interest-bearing bank borrowings		(563,134)	(361,500)
Interest paid		(15,504)	(10,137)
Payments of listing expenses		(256)	–
Decrease in restricted cash		486	–
Net proceeds from issue of shares from initial public offering	21	227,558	–
<b>Net cash flows generated from financing activities</b>		<b>474,531</b>	103,661
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>222,482</b>	24,610
Cash and cash equivalents at beginning of period		138,022	203,506
Effect of foreign exchange rate changes, net		117	457
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		<b>360,621</b>	228,573
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	15	610,060	232,996
Less: Time deposits with original maturity of more than three months	15	(241,554)	–
Less: Restricted cash	15	(7,885)	(4,423)
<b>CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	15	<b>360,621</b>	228,573

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 23 February 2021 and was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 May 2024. The registered office address of the Company is at the offices of Maples Corporate Services Limited, PO Box 309, Uglund House, Grand Cayman KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the business of software as a service (“**SaaS**”) business, which provides cloud-based sales service, and precision marketing services, which provides marketing solutions in the PRC.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, except for Shanghai Trueland, which is a company limited by shares, (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name*	Place and date of incorporation/establishment and place of operations	Nominal value of registered share capital/ issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Marketingforce (HongKong) Ltd. (“ <b>Marketingforce HongKong</b> ”)	Hong Kong 17 March 2021	HKD1	100%	–	Investment holding
American Kaililong International Holding (H.K.) Ltd. (“ <b>American Kaililong</b> ”)	Hong Kong 26 March 2009	HKD10,000	100%	–	Marketing and sales services
邁富時網絡技術(上海)有限公司 Marketingforce Network Technology (Shanghai) Co., Ltd. (“ <b>Marketingforce Network Technology</b> ”)	PRC/Mainland China 20 April 2021	USD100,000,000	–	100%	Investment holding
珍島信息技術(上海)股份有限公司 Trueland Information Technology (Shanghai) Co., Ltd. (“ <b>Shanghai Trueland</b> ”)	PRC/Mainland China 25 September 2009	RMB27,600,000	–	100%	Marketing and sales services
無錫珍島數字生態服務平台技術有限公司 Wuxi Trueland Digital Eco Service Platform Technology Co., Ltd. (“ <b>Wuxi Trueland</b> ”)	PRC/Mainland China 20 May 2014	RMB10,000,000	–	100%	Marketing and sales services
無錫珍島智能技術有限公司 Wuxi Trueland Intelligence Technology Co., Ltd. (“ <b>Wuxi Trueland Intelligence</b> ”)	PRC/Mainland China 18 October 2019	RMB10,000,000	–	100%	Marketing and sales services
上海珍島智能技術集團有限公司 Shanghai Trueland Intelligence Technology Group Co., Ltd. (“ <b>Shanghai Trueland Intelligence</b> ”)	PRC/Mainland China 28 May 2020	RMB100,000,000	–	100%	Marketing and sales services
上海珍島網絡科技技術有限公司 Shanghai Trueland Network Science & Technology Co., Ltd. (“ <b>Shanghai Trueland Network</b> ”)	PRC/Mainland China 28 December 2015	RMB50,000,000	–	100%	Marketing and sales services

# Notes to Unaudited Interim Condensed Consolidated Financial Information

## 1. GENERAL INFORMATION (Continued)

Name*	Place and date of incorporation/establishment and place of operations	Nominal value of registered share capital/ issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
珍島數字科技(上海)有限公司 Trueland Digital Technology (Shanghai) Co., Ltd. ("Trueland Digital") (曾用名: 上海珍島雲計算 科技有限公司) (Former Name: Shanghai Trueland Cloud Computing Technology Co., Ltd.)	PRC/Mainland China 28 December 2015	RMB100,000,000	–	100%	Marketing and sales services
上海洞察力數字科技集團有限公司 Shanghai Dongchali Digital Technology Group Co., Ltd. ("Shanghai Insight") (曾用名: 上海洞察力軟件 信息科技有限公司) (Former Name: Shanghai Dongchali Software Information Technology Co., Ltd.)	PRC/Mainland China 24 May 2011	RMB100,000,000	–	100%	Marketing and sales services
成都珍島信息技術有限公司 Chengdu Trueland Information Technology Co., Ltd. ("Chengdu Trueland")	PRC/Mainland China 14 September 2015	RMB2,000,000	–	100%	Marketing and sales services
廣東珍島信息技術有限公司 Guangdong Trueland Information Technology Co., Ltd. ("Guangdong Trueland") (曾用名: 深圳市珍島 信息技術有限公司) (Former Name: Shenzhen Trueland Information Technology Co., Ltd.)	PRC/Mainland China 29 January 2015	RMB10,000,000	–	100%	Marketing and sales services
杭州珍島信息技術有限公司 Hangzhou Trueland Information Technology Co., Ltd. ("Hangzhou Trueland")	PRC/Mainland China 24 February 2016	RMB1,000,000	–	100%	Marketing and sales services
溫州珍島信息技術有限公司 Wenzhou Trueland Information Technology Co., Ltd. ("Wenzhou Trueland")	PRC/Mainland China 17 February 2016	RMB2,000,000	–	100%	Marketing and sales services
寧波珍島信息技術有限公司 Ningbo Trueland Information Technology Co., Ltd. ("Ningbo Trueland")	PRC/Mainland China 9 September 2015	RMB2,000,000	–	100%	Marketing and sales services
蘇州珍島信息技術有限公司 Suzhou Trueland Information Technology Co., Ltd. ("Suzhou Trueland")	PRC/Mainland China 20 January 2016	RMB1,000,000	–	100%	Marketing and sales services
金華市珍島信息技術有限公司 Jinhua Trueland Information Technology Co., Ltd. ("Jinhua Trueland")	PRC/Mainland China 2 March 2020	RMB1,000,000	–	100%	Marketing and sales services
中山珍島信息技術有限公司 Zhongshan Trueland Information Technology Co., Ltd. ("Zhongshan Trueland")	PRC/Mainland China 1 April 2020	RMB1,000,000	–	100%	Marketing and sales services
台州珍島信息技術有限公司 Taizhou Trueland Information Technology Co., Ltd. ("Taizhou Trueland")	PRC/Mainland China 2 April 2020	RMB1,000,000	–	100%	Marketing and sales services

# Notes to Unaudited Interim Condensed Consolidated Financial Information

## 1. GENERAL INFORMATION (Continued)

Name*	Place and date of incorporation/establishment and place of operations	Nominal value of registered share capital/ issued ordinary shares	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
凱麗隆 (上海) 軟件信息科技有 限公司 Kaililong (Shanghai) Information Technology Co., Ltd. ("Shanghai Kaililong")	PRC/Mainland China 16 May 2011	RMB10,000,000	–	100%	Marketing and sales services
上海凱麗隆大數據科技集團有 限公司 Shanghai Kaililong Big Data Technology Group Co., Ltd. ("Shanghai Kaililong Big Data")	PRC/Mainland China 28 May 2020	RMB50,000,000	–	100%	Marketing and sales services
凱麗隆 (廣州) 信息科技有 限公司 Kaililong (Guangzhou) Information Technology Co., Ltd. ("Guangzhou Kaililong")	PRC/Mainland China 3 March 2016	RMB1,000,000	–	100%	Marketing and sales services
無錫凱麗隆廣告科技有 限公司 Wuxi Kaililong Advertising Technology Co., Ltd. ("Wuxi Kaililong")	PRC/Mainland China 26 December 2017	RMB10,000,000	–	100%	Marketing and sales services
Kaililong International Holding (H.K) Limited ("Hongkong Kaililong")	Hong Kong 29 August 2018	HKD1,000,000	100%	–	Marketing and sales services
上海天貝信息技術有 限公司 Shanghai Tianbei Information Technology Co., Ltd. ("Shanghai Tianbei")	PRC/Mainland China 15 October 2021	RMB30,000,000	–	100%	Marketing and sales services
湖北省珍島數字智能科技有 限公司 Hubei Trueland Digital Intelligent Technology Co., Ltd. ("Hubei Trueland")	PRC/Mainland China 1 March 2022	RMB100,000,000	–	100%	Marketing and sales services
珍島數字科技 (江西) 有 限公司 Trueland Digital Technology (Jiangxi) Co., Ltd. ("Jiangxi Trueland Digital")	PRC/Mainland China 16 May 2024	RMB20,000,000	–	100%	Marketing and sales services
邁富時數字科技 (江西) 有 限公司 Marketingforce Digital Technology (Jiangxi) Co., Ltd. ("Jiangxi Marketingforce Digital")	PRC/Mainland China 23 June 2024	USD5,000,000	–	100%	Marketing and sales services

\* The English names of these companies represent the best effort made by management of the Company to directly translate the Chinese names as they do not register any official English names.

## 2.1 BASIS OF PREPARATION

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

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 2.1 BASIS OF PREPARATION *(Continued)*

The interim condensed consolidated financial information has been prepared under the historical cost convention, except for certain financial liabilities at fair value through profit or loss (“**FVTPL**”) and financial assets at fair value through other comprehensive income (“**FVTOCI**”) which have been measured at fair value. They are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

### 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The amendments did not have any significant impact on the Group’s interim condensed consolidated financial information.

## 3. SEGMENT INFORMATION

### Operating segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The Group is principally engaged in the provision of SaaS business and precision marketing services in Mainland China. Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment, mainly based on segment revenue and segment gross profit. The segment gross profit is calculated as segment revenue minus segment cost of services. Cost of services for SaaS business segment primarily comprised of employee benefit expenses and other direct services costs. Cost of services for precision marketing service segment primarily comprised of traffic purchase cost.



## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 3. SEGMENT INFORMATION *(Continued)*

#### Operating segment information *(Continued)*

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in the financial statements. There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

	<b>SaaS business</b>	<b>Precision marketing service</b>	<b>Total</b>
	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)
Six months ended 30 June 2023			
Segment revenue	306,653	276,873	583,526
Segment cost of services	39,429	222,983	262,412
Gross profit	267,224	53,890	321,114
Six months ended 30 June 2024			
Segment revenue	<b>400,019</b>	<b>339,424</b>	<b>739,443</b>
Segment cost of services	<b>46,948</b>	<b>299,627</b>	<b>346,575</b>
Gross profit	<b>353,071</b>	<b>39,797</b>	<b>392,868</b>

#### Geographical information

Since almost all of the Group's non-current assets were located in Mainland China and almost all of the revenue of the Group is derived from operations in Mainland China during the current accounting periods, no geographical segment information in accordance with IFRS 8 Operating Segments is presented.

#### Information about major customers

The revenue generated from sales to customers which individually contributed more than 10% of the Group's total revenue in the current accounting period are set out below:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Customer A	<b>209,787</b>	181,865

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 4. REVENUE

An analysis of revenue is as follows:

#### (a) Disaggregated revenue information

##### Types of services

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Precision marketing service	339,424	276,873
SaaS business	400,019	306,653
	<b>739,443</b>	583,526

##### Timing of revenue recognition

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Precision marketing service</b>		
At a point in time	339,424	276,873
<b>SaaS business</b>		
At a point in time	14,970	6,623
Over time	385,049	300,030
	<b>739,443</b>	583,526

#### (b) Performance obligations

Information about the Group's performance obligations are summarized below:

##### SaaS business

For SaaS service, the performance obligation is mainly satisfied over the contractual term starting from the date when the customer has access to one or more of the cloud applications. For services that are recognized at a point in time, they are recognized when the services are completed. The Group applies both credit policy and advance payments policy to the customers.

For customized software development project, the performance obligation is satisfied after the software is delivered and accepted by the customer and payment is generally due within 30 days from the billing date, except that certain percentage of contract sum is required to be prepaid by the customer.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 4. REVENUE *(Continued)*

#### (b) Performance obligations *(Continued)*

##### Precision marketing service

The performance obligation is satisfied on benefiting from the services, advertisements distributing or advertisement accounts charging. The performance obligation is satisfied when the customer benefits from the services or the distribution of advertisements and charging of advertisement accounts are completed. The Group provides the recognized and creditworthy third parties with specific credit terms throughout precision marketing service arrangements.

#### (c) Revenue recognized in relation to contract liabilities

The Group recognized the following revenue-related contract liabilities:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contract liabilities	<b>473,265</b>	576,125

The following table shows the amounts of revenue recognized in the current accounting period that were included in the contract liabilities at the beginning of the reporting periods.

	<b>Six months ended 30 June 2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Revenue recognized that was included in the contract liability balance at the beginning of the reporting periods:		
Precision marketing service	<b>3,642</b>	2,576
SaaS business	<b>285,334</b>	245,503
	<b>288,976</b>	248,079

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 4. REVENUE *(Continued)*

#### (c) Revenue recognized in relation to contract liabilities *(Continued)*

The following table includes the transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the reporting periods and the amounts disclosed below do not include variable consideration which is constrained:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Expected to be satisfied within 1 year	<b>429,210</b>	509,788
over 1 year*	<b>44,055</b>	66,337
Contract liabilities	<b>473,265</b>	576,125

\* The Group expects the remaining performance obligations will be mainly satisfied in 1 to 2 years.

#### (d) Assets recognized from incremental costs to obtain a contract

The Group has recognized the following assets related to contracts with customers:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contract acquisition costs (current)	<b>47,309</b>	38,406
Contract acquisition costs (non-current)	<b>2,505</b>	1,390
	<b>49,814</b>	39,796

The Group has recognized assets in relation to incremental costs to acquire the SaaS business offering contracts. This is presented within "Contract acquisition costs" in the unaudited condensed consolidated statement of financial position.

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Amortization recognized as selling expenses related to SaaS business during the periods	<b>24,880</b>	9,494

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 4. REVENUE *(Continued)*

#### (e) Assets recognized from incremental costs to fulfil a contract

The Group has also recognized the following assets in relation to costs to fulfil its customized software development contracts. This is presented within "Prepayments, other receivables and other assets" in the condensed consolidated statement of financial position.

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contract fulfilment costs (current)	<b>5,959</b>	6,663

### 5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Gains on disposal of right-of-use assets and lease liabilities	<b>5,154</b>	291
Gains on modification of right-of-use assets and lease liabilities	<b>4,743</b>	–
Government grants*	<b>4,106</b>	3,317
Additional deductible input VAT**	<b>3,998</b>	17,139
Investment income on time deposits with original maturity of more than three months	<b>1,715</b>	–
Bank interest income	<b>510</b>	556
Others	<b>104</b>	35
	<b>20,330</b>	21,338

\* Government grants received during the current accounting periods primarily comprised the financial subsidies received from various local government authorities in the Mainland China. There are no unfulfilled conditions or contingencies relating to these incomes.

\*\* Amount represents additional VAT deduction allowed under the PRC tax law, generated from SaaS business and precision marketing services. There are no unfulfilled condition or contingencies relating to these grants.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 6. LOSS BEFORE TAX

The Group's loss before tax is as follows:

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of services rendered (excluding those included in employee benefit expense and depreciation)		<b>328,452</b>	253,261
Depreciation of items of property, plant and equipment	11	<b>29,028</b>	20,927
Depreciation of right-of-use assets	12	<b>19,758</b>	28,752
Amortization of intangible assets		<b>1,108</b>	872
Research and development expenses (excluding amortization, depreciation and employee benefit expense)		<b>30,074</b>	7,553
Lease expenses not included in the measurement of lease liabilities	12	<b>864</b>	1,065
Auditor's remuneration		<b>121</b>	120
Fair value loss on convertible redeemable preferred shares	19	<b>780,539</b>	26,667
Listing expenses		<b>20,260</b>	12,662
Employee benefit expense (including directors' remuneration):			
– Salaries, allowances and benefits in kind		<b>169,572</b>	195,235
– Pension scheme contributions (defined contribution scheme)*		<b>19,619</b>	22,118
– Share-based payment compensation	23	<b>67,060</b>	4,189
Net foreign exchange losses		<b>1,269</b>	93
Impairment for financial assets		<b>24,375</b>	24,525
Additional deductible input VAT	5	<b>(3,998)</b>	(17,139)
Government grants	5	<b>(4,106)</b>	(3,317)
Bank interest income	5	<b>(510)</b>	(556)
Investment income on time deposits with original maturity of more than three months	5	<b>(1,715)</b>	–
Gains on disposal of right-of-use assets and lease liabilities	12	<b>(5,154)</b>	(291)
Gains on modification of right-of-use assets and lease liabilities	12	<b>(4,743)</b>	–
Losses on disposal of items of property, plant and equipment, net		<b>1,250</b>	30

\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Interest on interest-bearing bank and other borrowings	<b>15,627</b>	10,288
Interest on lease liabilities	<b>3,265</b>	6,122
Total	<b>18,892</b>	16,410

### 8. INCOME TAX

#### Cayman Islands

The Company is a limited liability company incorporated in the 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.

#### Hong Kong

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the current accounting periods.

#### Mainland China

Under the Law of the PRC on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of the PRC subsidiaries is 25% during the current accounting periods unless they are subject to tax concession set out below:

- (1) Shanghai Trueland, Trueland Digital and Shanghai Trueland Network were accredited as high-tech enterprises in 2012, 2018 and 2018, and were entitled to a preferential CIT rate of 15% for the period from January 2021 to December 2023.
- (2) Wuxi Trueland were accredited as a software enterprise in 2016 and were entitled to a preferential CIT rate of 0% for the period from January 2017 to December 2018 and entitled to a preferential CIT rate of 12.5% for the period from January 2019 to December 2021. Wuxi Trueland was accredited as a high-tech enterprise in 2018 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2023.
- (3) Shanghai Trueland Intelligence was accredited as a double soft certification enterprise since December 2021, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years. Shanghai Trueland Intelligence was accredited as a high-tech enterprise in 2022 and was entitled to a preferential CIT rate of 15% from January 2022 to December 2024.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 8. INCOME TAX (Continued)

#### Mainland China (Continued)

- (4) Hubei Trueland was accredited as a double soft certification enterprise since March 2023, and was exempted from CIT for two years commencing from the first year of profitable, followed by a 50% reduction in the applicable CIT rate for the next three years.
- (5) Guangdong Trueland, Ningbo Trueland, Chengdu Trueland, Suzhou Trueland, Shanghai Insight, Guangzhou Kaililong, Wuxi Kaililong, Wuxi Trueland Intelligence, Jinhua Trueland, Zhongshan Trueland, Taizhou Trueland, Kunshan Trueland, Shanghai Kaililong Big Data, Shanghai Tianbei, Wenzhou Trueland, Hangzhou Trueland, Trueland Digital and Jiangxi Marketingforce Digital are qualified as small scaled minimal profit enterprises.

Pursuant to Caishui [2023] circular No.6, the first RMB1,000,000 of assessable profits of these subsidiaries may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The assessable profits between RMB1,000,000 and RMB3,000,000 may be calculated as 25% and be taxed at the preferential CIT rate of 20%. The policy is available during 2023 to 2024.

The major components of income tax expense of the Group are as follows:

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
Current income tax	9	–
Deferred income tax	–	55
Total tax charge for the period	9	55

### 9. DIVIDENDS

During the current accounting periods, no dividends have been declared or paid by the Company.

### 10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares assumed to be in issue after taking into account the retrospective adjustments on the assumption that the Company's share split as disclosed in note 21 to the financial statements had been in effect on 1 January 2023.

No adjustment has been made to the basic loss per share amount presented for the six months ended 30 June 2023 in respect of a dilution as the impact of the convertible redeemable preferred shares and share awards outstanding had an anti-dilutive effect on the basic loss per share amount presented. The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024.



## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(Continued)*

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

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b>	2023 (Unaudited)
<b>Loss</b>		
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation (RMB'000)	<b>(820,178)</b>	(67,674)
<b>Shares</b>		
Weighted average number of ordinary shares assumed to be in issue during the periods used in the basic and diluted loss per share calculation	<b>189,440,825</b>	168,093,200
Loss per share (basic and diluted) (RMB)	<b>(4.33)</b>	(0.40)



## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 11. PROPERTY, PLANT AND EQUIPMENT

30 June 2024 (Unaudited)

	Office equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2024:					
Cost	142,775	5,279	10,107	98,075	256,236
Accumulated depreciation	(95,549)	(3,243)	(7,199)	(56,892)	(162,883)
Net carrying amount	47,226	2,036	2,908	41,183	93,353
At 1 January 2024, net of accumulated depreciation	47,226	2,036	2,908	41,183	93,353
Additions	153	–	–	99	252
Disposals	(1,273)	(11)	–	–	(1,284)
Depreciation provided during the period	(8,430)	(459)	(582)	(19,557)	(29,028)
At 30 June 2024, net of accumulated depreciation	37,676	1,566	2,326	21,725	63,293
At 30 June 2024:					
Cost	119,905	5,246	10,107	98,174	233,432
Accumulated depreciation	(82,229)	(3,680)	(7,781)	(76,449)	(170,139)
Net carrying amount	37,676	1,566	2,326	21,725	63,293

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 11. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

**31 December 2023 (Audited)**

	Office equipment RMB'000	Furniture and fixtures RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Total RMB'000
At 1 January 2023:					
Cost	141,812	5,209	9,756	86,665	243,442
Accumulated depreciation	(76,910)	(2,377)	(5,911)	(36,822)	(122,020)
Net carrying amount	64,902	2,832	3,845	49,843	121,422
At 1 January 2023, net of accumulated depreciation					
Additions	1,420	383	355	11,410	13,568
Disposals	(412)	(132)	–	–	(544)
Depreciation provided during the year	(18,684)	(1,047)	(1,292)	(20,070)	(41,093)
At 31 December 2023, net of accumulated depreciation					
Cost	142,775	5,279	10,107	98,075	256,236
Accumulated depreciation	(95,549)	(3,243)	(7,199)	(56,892)	(162,883)
Net carrying amount	47,226	2,036	2,908	41,183	93,353

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

During the current accounting periods, the Group entered into certain long-term lease contracts for buildings which generally have lease terms between one and three years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

#### (a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the current accounting period/year are as follow:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Carrying amount at the beginning of the period/year	<b>115,316</b>	172,663
Additions	<b>13,366</b>	5,591
Lease modification	<b>(20,416)</b>	(4,731)
Lease termination	<b>(13,520)</b>	(2,293)
Depreciation provided during the period/year	<b>(19,758)</b>	(55,914)
Carrying amount at the end of the period/year	<b>74,988</b>	115,316

#### (b) Lease Liabilities

The carrying amounts of lease liabilities and the movements during the current accounting period/year are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Carrying amount at the beginning of the period/year	<b>143,947</b>	207,955
Additions	<b>13,366</b>	5,591
Interest during the period/year	<b>3,265</b>	11,350
Lease modification	<b>(25,159)</b>	(5,012)
Lease termination	<b>(18,674)</b>	(2,717)
Payments during the period/year	<b>(19,402)</b>	(73,220)
Carrying amount at the end of the period/year	<b>97,343</b>	143,947
Analyzed into:		
Current portion	<b>41,878</b>	54,304
Non-current portion	<b>55,465</b>	89,643

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 12. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

**(c) The amounts recognized in profit or loss in relation to leases are as follows:**

	<b>30 June 2024 RMB'000 (Unaudited)</b>	30 June 2023 RMB'000 (Unaudited)
Interest on lease liabilities	<b>3,265</b>	6,122
Gains on modification of right-of-use assets and lease liabilities	<b>(4,743)</b>	–
Gains on disposal of right-of-use assets and lease liabilities	<b>(5,154)</b>	(291)
Depreciation charge of right-of-use assets	<b>19,758</b>	28,752
Expense relating to short-term leases	<b>864</b>	1,065
<b>Total amount recognized in profit or loss</b>	<b>13,990</b>	35,648

### 13. TRADE AND BILLS RECEIVABLES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Bills receivables	<b>279</b>	1,436
Trade receivables	<b>148,863</b>	129,139
Impairment	<b>(27,825)</b>	(17,912)
<b>Total</b>	<b>121,317</b>	112,663

The Group's trading terms with its precision marketing service customers are mainly on credit. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, the principal amount of bank borrowing of RMB20,000,000 and unpaid borrowing interest of RMB14,000 are guaranteed by a related party (Liu Huan) and also secured by trade receivables of RMB4,258,000 and other receivables of RMB87,037,000.

As at 31 December 2023, the principal amount of other borrowing from a third party of RMB90,000,000 and unpaid borrowing interest of RMB780,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB15,535,000 and other receivables of RMB252,974,000.

As at 30 June 2024, the principal amount of bank borrowing of RMB8,000,000 and unpaid borrowing interest of RMB3,000 are secured by trade receivables of RMB5,931,000 and other receivables of RMB48,448,000.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 13. TRADE AND BILLS RECEIVABLES *(Continued)*

As at 30 June 2024, the principal amount of other borrowing from a third party of RMB90,000,000 and unpaid borrowing interest of RMB820,000 are guaranteed by a related party (Trueland Information Technology (Shanghai) Co., Ltd.) and also secured by trade receivables of RMB63,501,000 and other receivables of RMB77,423,000.

As at 31 December 2023 and 30 June 2024, the Group discounted bills receivable accepted by banks ("**Discounted Bills**") in Mainland China with a carrying amount of RMB35,600,000 and RMB31,038,000, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards of certain Discounted Bills, which include default risks relating to such Discounted Bills. Those Discounted Bills were accounted as bank borrowings, which amounted to nil and RMB214,000 respectively. Subsequent to the discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

And for the remaining discounted bills receivable, the Group has derecognized those bills ("**Derecognized Bills**"), which amounted to RMB35,600,000 and RMB30,824,000, respectively. The Derecognized Bills had a maturity of 6 months and 6 months at 31 December 2023 and 30 June 2024, respectively.

In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognized Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognized Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognized Bills are not significant. During the current accounting period/year, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the period/year or cumulatively. The discount has been made evenly throughout the period/year.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 13. TRADE AND BILLS RECEIVABLES *(Continued)*

An ageing analysis of the bills receivables and trade receivables as at the end of each of the current accounting period/year, based on the date of recognition and net of allowance, is as follows:

#### (a) Bills receivables

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	<b>277</b>	1,425

#### (b) Trade receivables

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 90 days	<b>72,707</b>	72,757
90 days – 180 days	<b>23,244</b>	20,530
181 days – 1 year	<b>21,272</b>	14,128
Over 1 year	<b>3,817</b>	3,823
Total	<b>121,040</b>	111,238

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

#### (a) Bills receivables

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Balance at the beginning of the period/year	<b>11</b>	134
Reversal of impairment	<b>(9)</b>	(123)
Balance at the end of the period/year	<b>2</b>	11

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 13. TRADE AND BILLS RECEIVABLES *(Continued)*

#### (b) Trade receivables

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Balance at the beginning of the period/year	<b>17,901</b>	11,429
Impairment	<b>9,931</b>	6,592
Receivables written off during the period/year as uncollectable	<b>(9)</b>	(120)
Balance at the end of the period/year	<b>27,823</b>	17,901

#### Impairment under IFRS 9 for the current accounting periods

An impairment analysis was made based on expected credit loss model on the recoverability of trade and bills receivables. The identification of impairment requires management's judgements and estimates by considering the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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

#### (a) Bills receivables

	<b>30 June 2024 Within 1 year (Unaudited)</b>	31 December 2023 Within 1 year (Audited)
Expected credit loss rate	<b>0.72%</b>	0.77%
Gross carrying amount (RMB'000)	<b>279</b>	1,436
Expected credit losses (RMB'000)	<b>2</b>	11



## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 13. TRADE AND BILLS RECEIVABLES *(Continued)*

#### (b) Trade receivables *(Continued)*

##### Impairment under IFRS 9 for the current accounting periods *(Continued)*

(b) Trade receivables

##### As at 30 June 2024 (Unaudited)

	Individual basis	Collective basis			Over 1 year	Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year			
Expected credit loss rate	100.00%	2.06%	2.26%	3.15%	5.29%	2.39%	18.69%
Gross carrying amount (RMB'000)	24,854	74,234	23,781	21,964	4,030	124,009	148,863
Expected credit losses (RMB'000)	24,854	1,527	537	692	213	2,969	27,823

##### As at 31 December 2023 (Audited)

	Individual basis	Collective basis			Over 1 year	Subtotal	Total
		Within 90 days	91-180 days	181 days-1 year			
Expected credit loss rate	100.00%	2.06%	1.77%	2.05%	5.28%	2.12%	13.86%
Gross carrying amount (RMB'000)	15,495	74,286	20,899	14,423	4,036	113,644	129,139
Expected credit losses (RMB'000)	15,495	1,529	369	295	213	2,406	17,901

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Non-current:		
Prepayments for purchase of items of property, plant and equipment	429	90
Deposits	14,559	18,581
Impairment allowance	(960)	(1,212)
<b>Total</b>	<b>14,028</b>	17,459
Current:		
Other receivables in relation to prepayment on behalf of advertisers – third parties*	1,626,851	1,670,000
Other tax recoverable	44,703	27,966
Other prepayments	28,911	23,637
Prepayments for purchasing advertising traffic	8,970	4,758
Contract fulfilment cost (note 4)	5,959	6,663
Deposits	4,043	12,603
Capitalization of listing expenses	–	1,146
Others	2,629	5,034
Impairment allowance	(54,404)	(40,483)
<b>Total</b>	<b>1,667,662</b>	1,711,324

\* In the online advertisement distribution services, sometimes, the Group makes prepayments to the media platforms on behalf of the advertisers before receiving the advance payment from these advertisers, these prepayments on behalf of advertisers are recognized as other receivables. As at 31 December 2023 and 30 June 2024, other receivables of RMB340,011,000 and RMB125,871,000 are pledged for bank and other borrowings respectively, further details are given in notes 13 and 18 to the financial statements.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

An impairment analysis was made based on expected credit loss model on the recoverability of certain other receivables items, which are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Other receivables in relation to prepayment on behalf of advertisers – third parties	<b>1,626,851</b>	1,670,000
Deposits	<b>18,602</b>	31,184
Others	<b>2,629</b>	5,034
Total	<b>1,648,082</b>	1,706,218

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Balance at the beginning of the period/year	<b>41,695</b>	25,276
Impairment	<b>14,453</b>	24,675
Receivables written off during the period/year as uncollectable	<b>(784)</b>	(8,256)
Balance at the end of the period/year	<b>55,364</b>	41,695

In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 14. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(Continued)*

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

#### As at 30 June 2024 (unaudited)

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	2.97%	6.51%	100.00%	3.36%
Gross carrying amount (RMB'000)	1,591,993	51,427	4,662	1,648,082
Expected credit losses (RMB'000)	47,354	3,348	4,662	55,364

#### As at 31 December 2023 (audited)

	Stage 1	Stage 2	Stage 3	Total
Expected credit loss rate	2.01%	6.47%	100.00%	2.44%
Gross carrying amount (RMB'000)	1,659,990	40,525	5,703	1,706,218
Expected credit losses (RMB'000)	33,369	2,623	5,703	41,695

### 15. CASH AND CASH EQUIVALENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cash on hand	60	90
Cash at banks	607,254	188,985
Cash equivalents	2,746	19,428
Less: Short-term bank deposit with maturities of more than three months*	–	(50,000)
Less: Pledged deposits**	(241,554)	–
Less: Restricted cash***	(7,885)	(20,481)
Cash and cash equivalents	360,621	138,022
Denominated in:		
RMB	328,102	132,540
USD	32,474	5,396
HKD	45	86
Total cash and bank balances	360,621	138,022

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 15. CASH AND CASH EQUIVALENTS *(Continued)*

- \* The effective interest rate of short-term bank deposit with maturities of more than three months was 1.95% as at 31 December 2023.
- \*\* The short-term bank deposit amounting to RMB50,000,000 with an effective interest rate of 1.95% is pledged to secure a bank borrowing of RMB50,000,000. The short-term bank deposit amounting to USD26,878,000 with an effective interest rate of 5.75% is pledged to secure a bank borrowing of RMB167,000,000 and unpaid borrowing interest of RMB176,000.
- \*\*\* Pursuant to a tripartite agreement dated 25 March 2022 entered into among the Group, a supplier and a factoring company in relation to online advertisement business, when the Group is unable to make timely payment, the factoring company will pay the supplier unconditionally when there is no commercial dispute. To guarantee the payment, the factoring company supervised the bank account of the Group of RMB12,968,000 and RMB938,000 as at 31 December 2023 and 30 June 2024, respectively, with restriction.

Pursuant to a facility agreement dated 30 December 2022 entered into between the Group and a bank, a specific account is required to set up to guarantee the bank borrowing, and the bank supervised the special account of the Group of RMB7,427,000 as at 31 December 2023 with restriction.

Pursuant to a facility agreement dated 22 February 2024 entered into between the Group and a bank, a specific account is required to set up to guarantee the bank borrowing, and the bank supervised the special account of the Group of RMB6,941,000 as at 30 June 2024 with restriction.

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 authorized to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit or short-term bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

### 16. TRADE PAYABLES

An ageing analysis of trade payables as at the end of each of the current accounting periods, based on the date of recognition, is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	<b>51,858</b>	45,952
Over 1 year	<b>2,804</b>	4,998
Total	<b>54,662</b>	50,950

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 17. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Non-current:		
Deferred income	<b>780</b>	3,370
<b>Total</b>	<b>780</b>	3,370
Current:		
Cost payable to media platforms on behalf of customers*	<b>208,192</b>	312,649
Advance from advertisers**	<b>221,226</b>	183,836
Payroll and welfare payables	<b>26,013</b>	35,441
Accrued listing expenses	<b>22,827</b>	18,120
Deposits	<b>18,839</b>	18,757
Purchase of long-term assets	<b>5,991</b>	6,253
Deferred income	<b>2,991</b>	3,530
Other tax payables	<b>2,680</b>	4,310
Other payables	<b>20,550</b>	29,805
<b>Total</b>	<b>529,309</b>	612,701

\* Cost payable to media platforms on behalf of customers represents the traffic acquisition costs paid for our customers in the online advertisement distribution service.

\*\* Advance from advertisers represents the pre-collected payment from customers seeking for our online advertisement distribution services.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 30 June 2024 (Unaudited)

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.19%-4.5%	1 year	809,115
Discounted Bills	1.95%-3.05%	1 year	214
Other borrowing – secured*	8.00%	1 year	90,820
Total			900,149

As at 31 December 2023 (Audited)

	Effective interest rate	Maturity	RMB'000
Bank loans – secured	3.24%-5.20%	1 year	529,032
Other borrowing – secured*	8.00%	1 year	90,780
Total			619,812

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analyzed into: Bank and other loans repayable: Within one year or on demand	900,149	619,812
Total	900,149	619,812

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

The guarantee amounts provided by the relevant parties including the related parties as at 31 December 2023 and 30 June 2024 are as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	<b>209,186</b>	139,147
Kaililong (Shanghai) Information Technology Co., Ltd.	<b>199,716</b>	150,197
Trueland Information Technology (Shanghai) Co., Ltd. (Other borrowing – secured)*	<b>90,820</b>	90,780
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd.	<b>75,006</b>	119,616
Marketingforce Network Technology (Shanghai) Co., Ltd.	<b>50,000</b>	20,000
Trueland Information Technology (Shanghai) Co., Ltd.	<b>30,012</b>	–
Mr. Liu Huan, Ms. Shen Liyao, Trueland Information Technology (Shanghai) Co., Ltd.	<b>10,008</b>	10,011
Marketingforce Network Technology (Shanghai) Co., Ltd., Trueland Information Technology (Shanghai) Co., Ltd.	<b>10,008</b>	–
Mr. Liu Huan, Ms. Shen Liyao, Kaililong (Shanghai) Information Technology Co., Ltd., Marketingforce Network Technology (Shanghai) Co., Ltd.	–	70,047
Mr. Liu Huan**	–	20,014
<b>Total</b>	<b>674,756</b>	619,812

\* As at 31 December 2023 and 30 June 2024, other borrowing is also secured by trade receivables and other receivables, further details are given in note 13 to the financial statements.

\*\* As at 31 December 2023, bank borrowing is also secured by trade receivables and other receivables, further details are given in note 13 to the financial statements.

The aforementioned guarantees from related parties are at no cost.



## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 19. CONVERTIBLE REDEEMABLE PREFERRED SHARES

The movements of the convertible redeemable preferred shares are set out as follows:

	<b>Convertible redeemable preferred shares</b>
	RMB'000
1 January 2023	1,096,475
Fair value loss on financial liabilities at FVTPL	107,815
Translation exchange adjustments	19,499
31 December 2023 and 1 January 2024	1,223,789
Fair value loss on financial liabilities at FVTPL	780,539
Translation exchange adjustments	3,027
Automatic conversion of convertible redeemable preferred shares upon the global offering	(2,007,355)
30 June 2024	–

The Company was successfully listed on the Main Board of the Stock Exchange of Hong Kong, all convertible redeemable preferred shares have been converted into 50,594,800 ordinary shares upon completion of the global offering on 16 May 2024. The fair value of each convertible redeemable preferred shares on the conversion date is the offer price in the global offering.

The completion of the successful listing has triggered the automatic termination of all the special rights granted to the preferred shares.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 20. OTHER CURRENT LIABILITIES

The other current liabilities are as below:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
VAT on contract liabilities	<b>26,765</b>	32,894
Bills receivables endorsed	<b>65</b>	–
	<b>26,830</b>	32,894

### 21. SHARE CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Act as an exempted company with limited liability on 23 February 2021 with authorized share capital of USD50,000 divided into (i) 499,660,015 ordinary shares with par value of USD0.0001 each, (ii) 96,259 series A-1 preferred shares with par value of USD0.0001 each, (iii) 18,162 series A-2 preferred shares with par value of USD0.0001 each, (iv) 225,564 series B preferred shares with par value of USD0.0001 each.

On 8 August 2022, each issued and unissued shares of a par value of USD0.0001 each in the capital of the Company was sub-divided into 20 shares of a par value of USD0.000005 each. Subsequent to the share split, the authorized share capital of the Company was USD50,000 divided into 10,000,000,000 shares of a par value of USD0.000005 each.

Upon the completion of the global offering on 16 May 2024, each issued and unissued shares of a par value of USD0.000005 each in the capital of the Company was sub-divided into 10 shares of a par value of USD0.0000005 each and all convertible redeemable preferred shares have been converted into 50,594,800 ordinary shares. Subsequent to the share split, the authorized share capital of the Company was USD50,000 divided into 100,000,000,000 shares of a par value of USD0.0000005 each.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 21. SHARE CAPITAL *(Continued)*

#### Ordinary shares

	<b>30 June 2024 USD (Unaudited)</b>	31 December 2023 USD (Audited)
Authorized:		
9,993,200,300 ordinary shares of USD0.000005 each	–	49,966
99,982,597,800 ordinary shares of USD0.0000005 each	<b>49,991</b>	–

#### Issued and fully paid:

	<b>Number of ordinary shares in issue</b>	<b>Share capital USD</b>	<b>Share capital RMB'000</b>
At 31 December 2023	17,861,960	89	1
At 30 June 2024	235,164,100	118	1

Movements in the issued share capital during the current accounting periods were as follows:

	<b>Number of ordinary shares in issue</b>	<b>Share capital RMB'000</b>
At 31 December 2023 (audited)	17,861,960	1
Each in the capital of the Company was sub-divided into 10 shares	160,757,640	–
Share issued upon the global offering*	5,949,700	–
Automatic conversion of convertible redeemable preferred shares upon the global offering (Note 19)	50,594,800	–
At 30 June 2024 (unaudited)	235,164,100	1

\* On 16 May 2024, the Company issued a total of 5,949,700 ordinary shares of USD0.0000005 each at the price of HKD43.60 per share by means of the global offering.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 22. RESERVES

The amounts of the Group's reserves and the movements therein for the current accounting period/year are presented in the condensed consolidated statements of changes in equity.

#### (a) Capital reserve

The capital reserve of the Group represents the difference between the par value of the shares issued and the consideration received.

#### (b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 23 to the financial statements.

#### (c) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies in the Group of which the functional currency is not RMB.

### 23. SHARE-BASED PAYMENTS

#### Employee incentive platform

Shanghai Hongyu Asset Management Partnership Enterprise (Limited Partnership) (上海竑宇資產管理合夥企業(有限合夥)) ("Shanghai Hongyu"), is a limited partnership incorporated in the PRC on 6 November 2015 as the employee stock ownership platform. The general partner of Shanghai Hongyu is Mr. Xu Jiankang, the executive director and senior vice president of the Company.

Shanghai Hongyu Limited, a company incorporated on 9 February 2021 in the British Virgin Islands, was wholly owned by Shanghai Hongyu. Pursuant to the reorganization, each of Shanghai Hongyu and Mr. Xu Jiankang is deemed to be interested in the shares held by Shanghai Hongyu Limited.

#### Share incentive plan

In December 2015, Shanghai Trueland adopted a share incentive plan for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. Eligible participants of the share incentive plan may include any officer, directors, employees of the Group, and any individual consultants or advisors who render or have rendered bona fide services to the Group.

Subject to any restriction contained in the share incentive plan, each vested share shall not be exercisable until the later of the following: (i) the date such share has vested and (ii) 30 days after the listing but shall be exercised no later than 90 days after such vested share become exercisable. The exercise price for each share under the share incentive plan is RMB8.33.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 23. SHARE-BASED PAYMENTS *(Continued)*

#### Share incentive plan *(Continued)*

Upon the reorganization, the underlying shares of the share incentive plan have been changed from Shanghai Trueland to the Company.

As at 31 December 2023 and 30 June 2024, 3,000,000 shares were outstanding under the share incentive plan.

For the six months ended 30 June 2024, the Group recognized share-based compensation expenses of RMB8,378,000 (six months ended 30 June 2023: RMB4,189,000).

#### Restricted share unit scheme

On 10 November 2021, the Group adopted the restricted share unit scheme ("**RSU Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group. On 1 March 2024, Isle Wealth Limited granted 1,052,640 shares of restricted share units ("**RSUs**") to certain employees.

Subject to the terms and conditions as set out in the RSU Scheme, RSUs would be vested in the portions of 50% and 50% on the first and second anniversaries of the grant date of the RSUs, respectively.

The fair value of services received in return for a RSU is measured by reference to the fair value of the RSU granted less the consideration received by the Group, which is nil. The fair value of the RSU granted is measured as the market value at the grant date, which is determined using the discounted cash flows approach. Key assumptions including the risk-free interest rate, discount rate for lack of marketability ("**DLOM**") and volatility are required to be determined by the directors of the Company with best estimates.

	<b>1 March 2024</b>
Risk-free interest rate	<b>4.97%</b>
DLOM	<b>3.09%-4.56%</b>
Volatility	<b>36.17%</b>

For the six months ended 30 June 2024, the Group recognized share-based compensation expenses of RMB58,682,000 (six months ended 30 June 2023: nil).

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 24. COMMITMENTS

At the end of each of the current accounting periods, the Group and the Company did not have any significant commitment.

### 25. RELATED PARTY TRANSACTIONS AND BALANCES

The directors of the Company are of the view that the following parties/companies are related parties that had transactions or balances with the Group during the current accounting periods.

#### (a) Name and relationship

<b>Name of related parties</b>	<b>Relationship with the Group and the Company</b>
Tianjin Zhengdao North Beta Consulting Co., Ltd (" <b>North Beta</b> ")	A shareholder of a shareholder of the Company
Liu Huan	Senior management
Shen Liyao	The spouse of a senior management

#### (b) Transactions with related parties

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>RMB'000</b> <b>(Unaudited)</b>	2023 RMB'000 (Unaudited)
Purchase of services		
North Beta	<b>1,509</b>	225

#### (c) Other transactions with related parties

Certain of the Group's directors, senior management and shareholder have guaranteed certain bank loans made to the Group as disclosed in note 18 to the financial statements.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 25. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

#### (d) Outstanding balance with related parties

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Other payables and accruals North Beta*	<b>1,509</b>	–

\* The outstanding balance with North Beta was associated with the listing expenses, and the Company commits to make payment in 2024.

#### (e) Compensation of key management personnel of the Group

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	2023 RMB'000 (Unaudited)
Short term employee benefits	<b>2,992</b>	6,957
Contributions to the pension scheme	<b>181</b>	164
Share-based payment compensation	<b>6,226</b>	3,113
Total	<b>9,399</b>	10,234

### 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity of more than three months, restricted cash, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

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

The fair values of the convertible redeemable preferred shares measured at FVTPL are determined using the discounted cash flow method. Further details are set out in note 19.

The fair values of the bill receivables measured at FVTOCI are determined using the discounted cash flow method.

## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

#### Fair value hierarchy

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

#### Assets measured at fair value As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Financial assets at FVTOCI	–	–		91	91

#### As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Financial assets at FVTOCI	–	–		1,602	1,602

#### Liabilities measured at fair value As at 31 December 2023 (Audited)

	Fair value measurement using			Total RMB'000		
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000			
	Financial liabilities at FVTPL	–	–		1,223,789	1,223,789



## Notes to Unaudited Interim Condensed Consolidated Financial Information

### 26. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023 and 30 June 2024:

	Valuation technique	Significant unobservable input	Year	Range	Sensitivity of fair value to the input
Convertible redeemable preferred shares	Discounted cash flow method	Risk-free interest rate	2023	4.70%	5% increase/decrease in risk-free interest rate would result in decrease/increase in fair value by RMB393,000/RMB394,000
		DLOM	2023	6.47%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB3,607,000
		Volatility	2023	39.60%	5% increase/decrease in volatility would result in decrease/increase in fair value by RMB3,039,000/RMB3,058,000
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2023	2.51%-2.54%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB413
Financial assets at fair value through other comprehensive income	Discounted cash flow method	Discount rate	2024	1.77%-1.89%	5% increase/decrease in discount rate would result in decrease/increase in fair value by RMB24

### 27. EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after 30 June 2024.

### 28. APPROVAL OF THE FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on 20 August 2024.