



长久股份有限公司 Changjiu Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6959



2024 INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Li Guiping (李桂屏) (*Chairwoman*)
Mr. Bo Shijiu (薄世久) (*Chief Executive Officer*)
Ms. Jia Hui (賈惠) (*resigned as an executive Director on August 27, 2024*)
Ms. Zhang Yexi (張燁茜) (*appointed as an executive Director on August 27, 2024*)

Non-executive Director

Ms. Jin Ting (靳婷)

Independent Non-Executive Directors

Mr. Shen Jinjun (沈進軍)
Mr. Dong Yang (董揚)
Mr. Wang Fukuan (王福寬)

AUDIT COMMITTEE

Mr. Wang Fukuan (王福寬) (*Chairman*)
Ms. Jin Ting (靳婷)
Mr. Dong Yang (董揚)

REMUNERATION COMMITTEE

Mr. Shen Jinjun (沈進軍) (*Chairman*)
Mr. Bo Shijiu (薄世久)
Mr. Dong Yang (董揚)

NOMINATION COMMITTEE

Ms. Li Guiping (李桂屏) (*Chairwoman*)
Mr. Shen Jinjun (沈進軍)
Mr. Dong Yang (董揚)

JOINT COMPANY SECRETARIES

Ms. Zhang Yexi (張燁茜)
Ms. Tang King Yin (鄧景賢)

AUTHORISED REPRESENTATIVES

Ms. Li Guiping (李桂屏)
Ms. Tang King Yin (鄧景賢)

INDEPENDENT AUDITOR

KPMG

Certified Public Accountants

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

LEGAL ADVISERS

As to Hong Kong law:

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Suites 3304-3309, 33/F
Jardine House
1 Connaught Place
Central
Hong Kong

COMPLIANCE ADVISER

Zhongtai International Capital Limited

19/F
Li Po Chun Chambers
189 Des Voeux Road Central
Central
Hong Kong

CORPORATE INFORMATION

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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No. 99 Shigezhuang Road
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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
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Kowloon
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited

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

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKS

China Merchants Bank Co., Ltd.
Shenzhen Huaqiaocheng Branch
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Nanshan District
Shenzhen
China

Shanghai Pudong Development Bank Limited
Shanghai Pilot Free Trade Zone Branch
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Pudong New District
Shanghai
China

WEBSITE

www.99digtech.com

STOCK CODE

6959

FINANCIAL SUMMARY

The following is a summary of the results for the six months ended June 30, 2023 and 2024 and assets and liabilities as of June 30, 2024 and December 31, 2023 respectively of Changjiu Holdings Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”).

RESULTS

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Revenue	337,214	309,431
Gross profit	147,650	133,403
Profit before taxation	73,307	55,472
Income tax expense	(15,505)	(20,181)
Profit for the period	57,802	35,291
Profit for the period attributable to:		
Equity shareholders of the Company	57,802	35,291

ASSETS AND LIABILITIES

	As at	As at
	June 30,	December 31,
	2024	2023
	RMB'000	RMB'000
Total assets	628,352	335,916
Total liabilities	232,410	194,003
Total equity attributable to:		
Shareholders of the Company	395,942	141,913

CHAIRMAN'S STATEMENT

Dear Shareholders:

On behalf of the board (the "**Board**") of directors (the "**Directors**") of the Company, I am pleased to present the annual results of the Group for the six months ended June 30, 2024 (the "**Reporting Period**"). With continuous dedication to pursuing excellence, the Company was successfully listed (the "**Listing**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on January 9, 2024 (the "**Listing Date**"). The Company issued 50,540,000 ordinary shares with a par share of US\$0.00000066667 each (the "**Shares**") at an offer price of HK\$5.95 per share, raising net proceeds of HK\$254.1 million (after deducting the Listing expenses).

BUSINESS REVIEW

For the six months ended June 30, 2024, the Company developed steadily, as reflected by the continuous improvement in its revenue structure and rapid growth in business scale and performance. The revenue increased by RMB27.8 million or 9.0% from RMB309.4 million for the six months ended June 30, 2023 to RMB337.2 million for the Reporting Period. During the Reporting Period, the Group primarily generated revenue from pledged vehicle monitoring services, which accounted for 91.1% of the revenue for the six months ended June 30, 2024. The gross profit of the Group increased by RMB14.3 million or 10.7% to RMB147.7 million for the Reporting Period from RMB133.4 million for the six months ended June 30, 2023.

FUTURE DEVELOPMENT

The Group plans to improve the pledged vehicle monitoring services, develop an integrated supporting system for the automobile sales and distribution industry, expand the automobile dealership operation management capacity, and so forth. Meanwhile, the Group plans to expand the foreign business and smart business.

We will continue to provide supply chain services to upstream and downstream business partners of new energy vehicle manufacturers, such as suppliers of lithium, electrolytes, separators and other raw materials, manufacturers of batteries, motors and other auto parts and service providers specializing in charging equipment for new energy vehicles, battery recycling, automotive financing, automotive leasing, second-hand vehicle trading and repair and maintenance services, which are complementary to our existing services.

The Groups also plans to deepen the data products and service. Through years of business development, the Group has accumulated a large amount of data related to services in the automobile distribution sector, which can empower the Group to handle targeted risk avoidance and cost control for automobile manufacturer and automobile dealership. By building prediction data models, the Group will make great contributions to automobile manufacturer and automobile dealership, such as optimizing their lead evaluation models and dimensions, improving their conversion efficiency and reducing their operating costs.

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

Yours faithfully,

Changjiu Holdings Limited

Ms. Li Guiping

Chairwoman of the Board and Executive Director

August 27, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

FUTURE PROSPECTS

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

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

There was no change in the intended use of net proceeds as previously disclosed in the Prospectus, and the expected timeline for the use of net proceeds will be subject to the business development of the Company. Since the Listing Date and to June 30, 2024, the Group has utilized 11.7% of the net proceeds. Please refer to “Future Plans and Use of Proceeds” in the Prospectus for details.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Cost of Sales

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

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

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

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Net Other Income

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

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

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

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

Sales and Marketing Expenses

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

Research and Development Expenses

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

General and Administrative Expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

Net Finance Income/(Expenses)

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

Income Tax Expense and Effective Tax Rate

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

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

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

Profit for Reporting Period and Net Profit Margin

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

Non-IFRS Measure

To supplement its historical financial information which are presented in accordance with IFRS, the Group also uses adjusted net profit as an additional financial measure, which is unaudited in nature and is not required by, or presented in accordance with IFRS. The Group believes that this non-IFRS measure facilitates comparisons of operating performance from year to year by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance. The Group believes that this measure provides useful information to investors and others in understanding and evaluating its results of operations in the same manner as it helps the Group's management. However, the Group's presentation of adjusted net profit may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and should not be considered in isolation from, or as a substitute for analysis of, the Group's results of operations or financial condition as reported under IFRS.

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Notes:

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

Intangible Assets

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

Right-of-use assets

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

Trade Receivables

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Prepaid Expenses and Other Current Assets

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

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

Trade Payables

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

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

Liquidity, Financial Resources and Capital Structures

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

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

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

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

Capital Expenditure and Commitments

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

The Group did not pledge any assets as of June 30, 2024. The Group's trade receivable from financial institutions with carrying values of approximately RMB133.0 million as of December 31, 2023 were pledged to secure certain bank loans granted to the Group.

Contingent Liabilities

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

Cash Flow

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

Foreign Exchange Risk

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

Treasury Policy

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICY

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Usage	Percentage of total amount	Planned allocation of net proceeds HK\$ million (approximately)	As of June 30, 2024		Expected timeline for full utilization of proceeds
			Utilised amount HK\$ million (approximately)	Unutilised amount HK\$ million (approximately)	
Develop an integrated supporting system for the automobile sales and distribution industry					
• Recruit R&D staff	10.0%	25.4	–	25.4	By the end of 2026
• Deepen the Group's cooperation with third-party vendors and enhance the Group's R&D capabilities	10.0%	25.4	4.0	21.4	By the end of 2026
• Continue to improve the Group's digital information infrastructure	10.0%	25.4	0.4	25.0	By the end of 2026
Sub-total	30.0%	76.2	4.4	71.8	
Expand the Group's automobile dealership operation management capacity					
• Improve the Group's automobile dealership operation management services	11.5%	29.2	2.6	26.6	By the end of 2026
• Improve the quality of the Group's automobile dealership operation management services	3.5%	8.9	1.1	7.8	By the end of 2026
Sub-total	15.0%	38.1	3.7	34.4	
Expand the Group's sales and marketing capacity					
• Expand the Group's ground marketing teams	5.8%	14.7	0.3	14.4	By the end of 2026
• Expand the Group's online marketing and promotion capacity	4.2%	10.7	0.4	10.3	By the end of 2026
Sub-total	10.0%	25.4	0.7	24.7	
General business operations and working capital	10.0%	25.4	13.4	12.0	N/A
Total	100%	254.1	29.8	224.3	

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

From the Listing Date to June 30, 2024, the Company has adopted and complied with all applicable code provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

The Company had made specific enquiry to all Directors and all Directors confirmed that they have complied with the Model Code from the Listing Date to June 30, 2024. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the period from the Listing Date to June 30, 2024.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, the Company sets forth below the change in information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of the Rule 13.51(2) of the Listing Rules from the Listing Date to the date of this report:

1. Ms. Jia Hui was resigned as an executive Director of the Company with effect from August 27, 2024.
2. Ms. Zhang Yexi was appointed as an executive Director and vice president of the Company with effect from August 27, 2024.

Save as disclosed above, there was no change in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Listing Date and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

MATERIAL LEGAL PROCEEDINGS

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

PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, the Company has maintained sufficient public float as required by the Listing Rules since the Listing Date and up to June 30, 2024. The Company maintained the minimum level of public float of 25% of its total issued share capital.

REVIEW OF INTERIM RESULTS AND REPORT BY AUDIT COMMITTEE

Up to the date of this report, the Audit Committee comprises three members, namely Mr. Wang Fukuan (independent non-executive Director), Ms. Jin Ting (non-executive Director) and Mr. Dong Yang (independent non-executive Director). Mr. Wang Fukuan is the chairman of the Audit Committee, with the appropriate professional qualifications, accounting and related financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing auditor, KPMG.

The Audit Committee, together with the management, has reviewed the interim results and its interim report of the Group for the six months ended June 30, 2024. The auditor of the Company, KPMG, has reviewed the unaudited condensed consolidated interim financial information of the Group for the six months ended June 30, 2024 in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. The Audit Committee has also reviewed the accounting principles and practices adopted by the Group.

The Audit Committee is of the view that such unaudited results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility to ensure that sound risk management and internal control system is established and maintained within the Group, as well as its responsibility to review its effectiveness. Such system aims to manage and reduce the business risks faced by the Group to an acceptable extent, but not eliminating the risks of failure to achieve business objectives. Moreover, it can only provide reasonable, and not absolute, assurance against material misstatement, loss or fraud.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

FUTURE PLANS FOR MAJOR INVESTMENTS OR CAPITAL ASSETS

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

SPECIAL DIVIDEND AND INTERIM DIVIDEND

A special dividend of HKD0.43 per ordinary share of the Company was approved at the Board meeting held on June 12, 2024. For details, please refer to the Company's announcement dated June 12, 2024.

The Board has resolved not to declare any interim dividend for the six months ended June 30, 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Notes 20(c) and 25 to the unaudited interim financial statements, there were no other significant events that might affect the Group after June 30, 2024 and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE INCENTIVE SCHEMES

PRE-IPO SHARE INCENTIVE PLANS

1. Pre-IPO Restricted Share Plan

The following is a summary of the principal terms of the Pre-IPO Restricted Share Plan approved and adopted by the Company on March 7, 2023. The Pre-IPO Restricted Share Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve the grant of restricted shares by the Company after the Listing.

(a) *Purposes*

The purpose of this Pre-IPO Restricted Share Plan is to enable the Company to attract and retain highly qualified personnel who had and will contribute to the Company's success and to provide incentives to participants that are linked directly to increases in shareholder value and will therefore inure to the benefit of all Shareholders.

(b) *Eligible Participants*

Persons eligible to receive the restricted shares (the "**Restricted Share(s)**") under the Pre-IPO Restricted Share Plan are officers, directors, employees or consultants of the Group selected by the Board, in its sole discretion.

Each selected participant has entered into a restricted share subscription agreement (the "**Restricted Share Agreement(s)**") with the Company for issue and subscription of the Restricted Shares under the Pre-IPO Restricted Share Plan.

(c) *Subscription of the Restricted Shares*

As of the date of this report, an aggregate of 1,620,000 Restricted Shares, representing approximately 0.80% of the total issued share capital of our Company, were issued to the Yuanshenghe (Shanghai) Enterprise Management Partnership (Limited Partnership) (元聖禾(上海)企業管理合夥企業(有限合夥)) ("**Restricted Share SPV**"), the limited partners of which are the five participants of the Pre-IPO Restricted Share Plan, including one Director, three senior management members and one of the joint company secretaries. The Restricted Shares have been issued on a one-off basis and no Shares will be issued under the Pre-IPO Restricted Share Plan after the Listing.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Particulars of the Restricted Shares issued to the Director and senior management members are set forth below:

Name of participants	Position held within our Group	Number of Restricted Shares	Approximate shareholding percentage ⁽¹⁾
Director of our Company			
Zhang Yexi (張燁茜) ⁽²⁾	Executive Director, vice president and company secretary ⁽³⁾	240,000	0.12%
Senior management of our Company (excluding that who is also Director)			
Xu Zhengran (徐征然) ⁽²⁾	Vice president	300,000	0.15%
Wang Yuanbin (王元彬) ⁽²⁾	Vice president	240,000	0.12%
Tan Zhengyang (談正陽) ⁽²⁾	Vice president and financial controller	240,000	0.12%
Jia Hui (賈惠) ⁽²⁾	Vice president ⁽⁴⁾	600,000	0.30%
Total		1,620,000	0.80%

Notes:

- (1) The percentage is calculated based on the number of Shares in issue as of the date of this report.
- (2) The Restricted Shares issued to the participants were held by the Restricted Share SPV, the limited partners of which are the participants the Pre-IPO Restricted Share Plan.
- (3) Ms. Zhang Yexi was appointed as an executive Director and vice president of the Company with effect from August 27, 2024.
- (4) Ms. Jia Hui was resigned as an executive Director of the Company with effect from August 27, 2024.

2. Pre-IPO Share Option Plan

The following is a summary of the principal terms of the Pre-IPO Share Option Plan approved and adopted by the Company on March 7, 2023. The terms of the Pre-IPO Share Option Plan are not subject to the provisions of Chapter 17 of the Listing Rules as the Pre-IPO Share Option Plan will not involve the grant of options by the Company to subscribe for Shares after the Listing.

(a) Purposes

The purpose of the Pre-IPO Share Option Plan is to enable the Company to attract and retain highly qualified personnel who had and will contribute to the Company's success and to provide incentives to participants that are linked directly to increases in shareholder value and will therefore inure to the benefit of all Shareholders of the Company.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(b) *Eligible Participants*

Persons eligible to receive grants of options (the “**Option(s)**”) under the Pre-IPO Share Option Plan are officers, directors, employees or consultants of the Group selected by the Board, in its sole discretion.

Each selected participant has entered into a share option subscription agreement (the “**Share Option Agreement(s)**”) with the Company, in such form as the Board shall determine, which Share Option Agreement shall set forth, among other things, the exercise price of the Option, the term of the Option and exercisability of the option granted.

(c) *Administration*

The Pre-IPO Share Option Plan shall be administered by the Board. Pursuant to the terms of the Pre-IPO Share Option Plan, the Board shall have the power and authority:

- (i) to select eligible participants;
- (ii) to determine whether and to what extent Options are to be granted to participants;
- (iii) to determine the number of Options to be granted;
- (iv) to determine the terms and conditions of Options granted; and
- (v) to determine the terms and conditions of all written instruments evidencing Options granted.

Subject to provisions of the Articles, the Board shall have the authority, in its sole discretion, to adopt, alter and repeal such administrative rules, guidelines and practices governing the Pre-IPO Share Option Plan as it shall from time to time deem advisable, to interpret the terms and provisions of the Pre-IPO Share Option Plan and any Option issued under the Pre-IPO Share Option Plan (and any Share Option Agreement relating thereto), and to otherwise supervise the administration of the Pre-IPO Share Option Plan.

All decisions made by the Board pursuant to the provisions of the Pre-IPO Share Option Plan shall be final, conclusive and binding on all persons, including the Company and the participants.

(d) *Maximum number of Shares*

The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the Pre-IPO Share Option Plan at any time shall not exceed 10,199,730 Shares, representing 5.05% of the total issued Shares immediately following the completion of the Global Offering.

(e) *Vesting Schedule and Conditions*

The Options shall become vested at such time or times and subject to fulfilment of the performance target and other terms and conditions set by the Board and reflected in the Share Option Agreement provided that the maximum percentage of the Options which shall become vested upon each anniversary of the date on which the participant is granted, as set forth on the Share Option Agreement is 25%.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(f) *Exercise of option*

To any given participant, the per share exercise price of shares purchasable under an Option shall be such price as determined by the Board and set forth in the Share Option Agreement, subject to adjustments that might be made by the Board at its sole discretion.

Unless otherwise provided in the Pre-IPO Share Option Plan or otherwise determined by the Board, vested options may be exercised in whole or in part at any time after the Listing, by giving written notice of exercise to the Company specifying the number of Shares to be purchased, accompanied by payment in full of the aggregate exercise price of the Shares.

(g) *Term of the Pre-IPO Share Option Plan*

No Option shall be granted pursuant to the Pre-IPO Share Option Plan on or after the latest practicable date prior to the printing of the prospectus, but Options granted may remain effective beyond that date. The term of each Option shall be fixed by the Board, but no Option shall be exercisable more than ten years after the date such Option is granted.

(h) *Outstanding options granted*

The grant of Options under the Pre-IPO Share Option Plan to the participants as set out below was approved by the Board on March 7, 2023. The overall limit on the number of underlying Shares pursuant to the Pre-IPO Share Option Plan is 10,199,730 Shares. The number of underlying Shares pursuant to the Options amounts to 10,199,730 Shares, representing 5.05% of the total issued Shares immediately following the completion of the Global Offering and 5.05% of the total issued Shares as of the date of this report.

The table below sets out the details of Options granted to all participants under the Pre-IPO Share Option Plan:

Name	Number of Options outstanding as at January 1, 2024	Number of Options granted during the Reporting Period ⁽¹⁾	Option period	Number of Options exercised during the Reporting Period	Number of Options lapsed during the Reporting Period	Number of Options cancelled during the Reporting Period	Number of Options outstanding as at June 30, 2024 ⁽²⁾
<i>Director</i>							
Zhang Yexi (張燁茜) ⁽³⁾	360,000	0	10 years from the date of the grant	0	0	0	360,000
<i>Senior management (excluding that who is also Director)</i>							
Xu Zhengran (徐征然)	430,000	0	10 years from the date of the grant	0	0	39,775	390,225
Wang Yuanbin (王元彬)	360,000	0	10 years from the date of the grant	0	0	27,360	332,640

CORPORATE GOVERNANCE AND OTHER INFORMATION

Name	Number of Options outstanding as at January 1, 2024	Number of Options granted during the Reporting Period ⁽¹⁾	Option period	Number of Options exercised during the Reporting Period	Number of Options lapsed during the Reporting Period	Number of Options cancelled during the Reporting Period	Number of Options outstanding as at June 30, 2024 ⁽²⁾
Tan Zhengyang (談正陽)	360,000	0	10 years from the date of the grant	0	0	17,280	342,720
Jia Hui (賈惠) ⁽⁴⁾	500,000	0	10 years from the date of the grant	0	0	0	500,000
Employees							
Other employees (excluding senior management)	7,147,875	0	10 years from the date of the grant	0	966,881	468,165	5,712,829

Notes:

- (1) The Options were granted to the participants at nil consideration, and the per share exercise price of the Options granted was RMB6.67.
- (2) On every vesting date, the underlying Shares in respect of the Options may be vested in the participants in accordance with the vesting schedule as disclosed in sub-paragraph (e) above, subject to fulfilment of the performance target set by the Board and terms and conditions as determined by the Board and reflected in the Share Option Agreement.
- (3) Ms. Zhang Yexi was appointed as an executive Director and vice president of the Company with effect from August 27, 2024.
- (4) Ms. Jia Hui was resigned as an executive Director of the Company with effect from August 27, 2024.
- (5) The closing price of the Shares immediately before the date on which the Options were granted was not applicable as the Company was not yet listed at the time of the grants.
- (6) For details of fair value of Options, please refer to Note 19 to the consolidated financial statements in this report.

DISCLOSURE OF INTERESTS

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests of Directors in the Company

(i) Interests in the Shares of the Company

Name of Director/ chief executive	Nature of interest ⁽¹⁾	Number of Shares Held/Interested	Approximate percentage of shareholding ⁽²⁾
Ms. Li Guiping (李桂屏)	Interest in controlled corporation ⁽³⁾	60,000,000	29.68%
	Interest of spouse/ Interest of concert parties ⁽⁴⁾⁽⁵⁾	90,000,000	44.52%
	Interest in controlled corporation ⁽⁶⁾	90,000,000	44.52%
Mr. Bo Shijiu (薄世久)	Interest of spouse/ Interest of concert parties ⁽⁴⁾⁽⁵⁾	60,000,000	29.68%
	Interest in a controlled corporation ⁽⁸⁾	1,620,000	0.80%

Notes:

- (1) All interests stated are long positions.
- (2) The percentage is calculated based on the number of Shares in issue as of the date of this report.
- (3) Ms. Li Guiping wholly owns Brightio Limited, which in turn wholly owns Bright Limited, therefore Ms. Li is deemed to be interested in the Shares directly held by Bright Limited by virtue of the SFO.
- (4) Ms. Li Guiping and Mr. Bo Shijiu are the spouse of one another. Therefore, each of them is deemed to be interested in all the Shares the other party is interested in by virtue of the SFO.
- (5) Pursuant to a concert party confirmation dated March 1, 2023 entered into between Ms. Li Guiping and Mr. Bo Shijiu, they have confirmed that they had and would continue to, for so long as they remain interested in the Shares, directly or indirectly, act in concert by aligning their votes at the shareholders' meetings of the Company. See "History, Reorganization and Corporation Structure—Concert Party Confirmation" in the Prospectus for details. As such, Ms. Li and Mr. Bo, together with their wholly-owned companies, are all deemed to be interested in the total Shares directly held by Bright Limited, Advance Limited and Creation Limited by virtue of the SFO.
- (6) Mr. Bo Shijiu wholly owns Advance Limited and CreateCube Limited, which in turn wholly own Advance Limited and Creation Limited, respectively, therefore Mr. Bo is deemed to be interested in the Shares directly held by Advance Limited and Creation Limited by virtue of the SFO.
- (7) Ms. Jia Hui was resigned as an executive Director of the Company with effect from August 27, 2024.
- (8) Ms. Jia Hui is a limited partner of the Restricted Share SPV, in which she holds more than one-third of the partnership interest, therefore Ms. Jia Hui is deemed to be interested in the Shares directly held by the Restricted Share SPV by virtue of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(ii) Interest in underlying Shares of the Company

Name of Director	Nature of interest⁽¹⁾	Number of underlying Shares subject to the Pre-IPO Share Options	Approximate percentage shareholding⁽²⁾
Ms. Jia Hui (賈惠) ⁽³⁾	Beneficial interest	500,000	0.25%

Notes:

- (1) All interests stated are long positions.
- (2) The percentage is calculated based on the number of Shares in issue as of the date of this report.
- (3) Ms. Jia Hui was resigned as an executive Director of the Company with effect from August 27, 2024.

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

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

So far as is known to the Company, as at June 30, 2024, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following entities, other than a Director or chief executive of the Company, had an interest and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, are set out below:

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests of Substantial Shareholders in the Company

Name of Shareholder	Nature of interest ⁽¹⁾	Number	Approximate percentage ⁽²⁾
Brightio Limited	Interest in controlled corporation ⁽³⁾	60,000,000	29.68%
Bright Limited	Beneficial interest ⁽³⁾	60,000,000	29.68%
Advancd Limited	Interest in controlled corporation ⁽⁴⁾	82,500,000	40.81%
Advancey Limited	Beneficial interest ⁽⁴⁾	82,500,000	40.81%

Notes:

- (1) All interests stated are long positions.
- (2) The percentage is calculated based on the number of Shares in issue as of the date of this report.
- (3) Bright Limited is indirectly wholly owned by Ms. Li Guiping through Brightio Limited. Therefore, each of Ms. Li and Brightio Limited is deemed to be interested in all the Shares directly held by Bright Limited by virtue of the SFO.
- (4) Advancey Limited is wholly owned by Mr. Bo Shijiu through Advancd Limited. Therefore, each of Mr. Bo and Advancd Limited is deemed to be interested in all the Shares directly held by Advancey Limited by virtue of the SFO.

Save as disclosed above, as at June 30, 2024, the Company had not been notified of any persons/entities (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept under section 336 of the SFO.

INDEPENDENT AUDITOR'S REPORT



Review report to the shareholders of Changjiu Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 31 to 64 which comprises the consolidated statement of financial position of Changjiu Holdings Limited as of June 30, 2024 and the related consolidated statements of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and the condensed consolidated cash flows statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as of June 30, 2024 is not prepared, in all material respects, in accordance with International Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

August 27, 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2024 (unaudited)
Expressed in Renminbi ("RMB")

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

The notes on page 37 to 64 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

The notes on page 37 to 64 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At June 30, 2024 (unaudited)
Expressed in RMB

	<i>Note</i>	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Non-current assets			
Property, plant and equipment		2,827	2,867
Intangible assets	<i>9</i>	7,516	8,210
Right-of-use assets	<i>10</i>	3,401	6,909
Deferred tax assets	<i>18(b)</i>	958	568
		14,702	18,554
Current assets			
Trade receivables	<i>11</i>	227,338	159,879
Prepaid expenses and other current assets	<i>12</i>	8,841	23,257
Cash and cash equivalents	<i>13</i>	377,471	134,226
		613,650	317,362
Current liabilities			
Bank loans	<i>14</i>	–	20,000
Trade payables	<i>15</i>	27,107	29,601
Accrued expenses and other current liabilities	<i>16</i>	78,938	85,924
Dividend payable	<i>20(c)</i>	79,338	–
Contract liabilities	<i>4(a)(ii)</i>	31,318	43,400
Lease liabilities	<i>17</i>	7,327	7,223
Current tax liability	<i>18(a)</i>	8,379	7,772
		232,407	193,920

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

At June 30, 2024 (unaudited)
Expressed in RMB

	<i>Note</i>	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Net current assets		381,243	123,442
Total assets less current liabilities		395,945	141,996
Non-current liabilities			
Lease liabilities	17	3	83
		3	83
NET ASSETS		395,942	141,913
Equity			
Share capital	20(a)	1	1
Treasury shares	19	(4,325)	(4,325)
Reserves	20(b)	400,266	146,237
Total equity attributable to shareholders of the Company		395,942	141,913
Non-controlling interests		-	-
TOTAL EQUITY		395,942	141,913

Approved and authorized for issue by the board of directors on August 27, 2024.

Bo Shijiu

Chief Executive Officer and Executive Director

Tan Zhengyang

Financial Controller

The notes on page 37 to 64 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

Note	Attributable to equity shareholders of the Company							Non-controlling interest	Total equity
	Share capital	Treasury shares	Capital reserves	PRC Statutory reserves	Exchange reserves	Retained profits	Total		
	RMB'000 Note 20(a)	RMB'000 Note 19	RMB'000 Note 20(b)	RMB'000 Note 20(b)	RMB'000 Note 20(b)	RMB'000 Note 20(c)	RMB'000		
Balance as of December 31, 2023 and January 1, 2024	1	(4,325)	32,007	18,786	(182)	95,626	141,913	-	141,913
Net profit	-	-	-	-	-	57,802	57,802	-	57,802
Other comprehensive income	-	-	-	-	560	-	560	-	560
Issuance of ordinary shares, net of share issuance costs	*	-	260,061	-	-	-	260,061	-	260,061
Share-based compensation	-	-	14,782	-	-	-	14,782	-	14,782
Dividend declared	-	-	(79,176)	-	-	-	(79,176)	-	(79,176)
Balance as of June 30, 2024	1	(4,325)	227,674	18,786	378	153,428	395,942	-	395,942
Balance as of December 31, 2022 and January 1, 2023	1	-	35	1,868	-	10,221	12,125	-	12,125
Net profit	-	-	-	-	-	35,291	35,291	-	35,291
Shares issued under Pre-IPO Restricted Share Plan	23	*	(4,325)	4,325	-	-	-	-	-
Share-based compensation	23	-	-	13,654	-	-	13,654	-	13,654
Balance as of June 30, 2023	1	(4,325)	18,014	1,868	-	45,512	61,070	-	61,070

* less than RMB500.

The notes on pages 37 to 64 form part of these financial statements.

CONSOLIDATED CASH FLOWS STATEMENT

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

	Note	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Net cash generated from/(used in) operations		4,108	(5,485)
Income taxes paid		(15,288)	(15,270)
Net cash used in operating activities		(11,180)	(20,755)
Cash flows from investing activities			
Purchase of property, plant and equipment		(436)	(147)
Net receipt from related parties		11,039	14,251
Prepayment for acquisition of intangible assets		(1,125)	(1,698)
Net cash generated from investing activities		9,478	12,406
Cash flows from financing activities			
Proceed from bank loans		–	35,000
Repayment of bank loans		(20,000)	(75,000)
Interest paid		(124)	(1,219)
Issuance of restricted shares	19	–	4,325
Payment of lease liabilities	17	(21)	(92)
Listing expenses paid		(2,187)	(1,782)
Proceeds from issuance of ordinary shares relating to the initial public offering, net of issuance cost		266,583	–
Net cash generated from/(used in) financing activities		244,251	(38,768)
Net increase/(decrease) in cash and cash equivalents		242,549	(47,117)
Cash and cash equivalents at the beginning of the period		134,226	119,341
Effect of foreign exchange rate changes		696	171
Cash and cash equivalents at the end of the period		377,471	72,395

The notes on pages 37 to 64 form part of these financial statements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

Expressed in RMB

1 PRINCIPAL ACTIVITIES AND ORGANIZATION

Changjiu Holdings Limited (the “**Company**”), formerly known as Changjiu Digital Technology Limited, was incorporated in the Cayman Islands on June 16, 2021 as an exempted company with limited liability under the Companies Act (Revised) of the Cayman Islands. On September 19, 2023, the Company changed its name from Changjiu Digital Technology Limited to Changjiu Holdings Limited.

The Company is an investment holding company. The Company and its subsidiaries (together as the “**Group**”) are principally engaged in the provision of pledged vehicle monitoring service and automobile dealership operation management service (the “**Businesses**”) across Mainland China.

To rationalize the corporate structure in preparation of the listing of the Company’s shares on The Stock Exchange of Hong Kong Limited (the “**Listing**”), the Group underwent a reorganization (the “**Reorganization**”).

Prior to the incorporation of the Company and the completion of the Reorganization as described below, the above-mentioned principal activities were carried out by Jilin Changjiu Industrial Group Co., Ltd (“**Changjiu Industrial**”) and its subsidiaries, Changjiu Jinfu Enterprise Management Consultation (Shenzhen) Co., Ltd (“**Changjiu Jinfu**”) and Shanghai Bozhong Digital Technology Co., Ltd (“**Shanghai Bozhong**”). In particular, the pledged vehicle monitoring services business was initially carried out by a separate division of Changjiu Industrial and then later transferred to Changjiu Jinfu as part of the Reorganization. At the end of 2021, the pledged vehicle monitoring services business was solely carried out by Changjiu Jinfu.

As part of the Reorganization, in May 2022, Shanghai Bozhong acquired the pledged vehicle monitoring service business through the purchase of the 100% shares of Changjiu Jinfu at a cash consideration of RMB101.0 million. Since then, Shanghai Bozhong becomes the sole shareholder of Changjiu Jinfu.

The above mentioned businesses are under the common control of Mr. Bo Shijiu and his spouse, Ms. Li Guiping (together, the “**Ultimate Controlling Shareholders**”) before and after the Reorganization and the control is not transitory. As such, there has been a continuation of risks and benefits to the Ultimate Controlling Shareholders that existed prior to the Reorganization. Accordingly, the Reorganization has been accounted for as business combination involving entities under common control.

Upon completion of the Reorganization on May 30, 2022, the Company became the holding company of the subsidiaries now comprising the Group.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**the Stock Exchange**”) on January 9, 2024.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

2 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 29 to 30.

3 CHANGES IN ACCOUNTING POLICIES

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

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

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

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

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

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

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Point-in-time	6,882	6,648
Over-time	330,332	302,783
	337,214	309,431

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

4 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) The amount of each significant category of revenue is as follows: (Continued)
Remaining Performance Obligation

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

(ii) **Contract Liabilities**

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

	Note	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Contract liabilities			
– third parties		30,101	41,404
– related parties	22(d)	1,217	1,996
		31,318	43,400

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

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

(b) Segment reporting

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

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

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

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

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

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

5 NET OTHER INCOME

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

6 PROFIT BEFORE TAXATION

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

(a) Net finance (income)/expense

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

6 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

	Note	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Salaries, wages, and other benefits		48,516	43,559
Contributions to defined contribution retirement plan (Note (i))		5,599	5,120
Share-based compensation expenses	19	14,782	13,654
Termination benefits		761	1,122
		69,658	63,455

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

(c) Other items

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

		Six months ended June 30,	
	Notes	2024	2023
		RMB'000	RMB'000
Current tax			
– PRC Enterprise Income Tax (“EIT”) Provision for the period	18(a)	15,895	23,324
		15,895	23,324
Deferred tax			
– Origination of temporary differences	18(b)	(390)	(3,143)
		15,505	20,181

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS (Continued)

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

Notes:

(i) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on either income or capital gain, the Cayman Islands does not impose a withholding tax on payments of dividends to shareholders.

(ii) Hong Kong

The Company's Hong Kong subsidiary, incorporated in July 2021, is subject to a profits tax rate of 8.25% for the first HKD2,000,000 of assessable profit and 16.5% for profit exceeding HKD2,000,000. No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax for the six months ended June 30, 2024 and 2023.

(iii) Mainland China

Except for Changjiu Jinfu, all subsidiaries established in Mainland China are subject to an income tax rate of 25%, according to the PRC Enterprise Income Tax Law (the "EIT Law") for the six months ended June 30, 2024 and 2023.

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

(iv) Withholding tax on undistributed dividends

The EIT law also imposes a withholding income tax of 10% on dividends distributed by a foreign investment enterprise ("FIE") to its immediate holding company outside of Mainland China, if such immediate holding company is considered as a non-resident enterprise without any establishment or place within Mainland China or if the received dividends have no connection with the establishment or place of such immediate holding company within Mainland China, unless such immediate holding company's jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by an FIE in Mainland China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The subsidiaries of the Company in Mainland China has not declared or paid, or planned to declare, any dividend to the Company from the profits generated during the six months ended June 30, 2024 and 2023. Therefore, the subsidiaries of the Company has not recorded any withholding tax on any profits generated by the PRC operation entities.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB57.8 million (six months ended June 30, 2023: RMB35.3 million) and the weighted average of 198,318,462 ordinary shares (2023: 150,000,000 shares after adjusting for the share subdivision in 2023 as described in Note 20(a)) in issue during the six months ended June 30, 2024. The profit attributable to restricted shares held for the Pre-IPO Restricted Share Plan (see Note 19) and the number of such shares have been excluded from the calculation of basic earnings per share.

	<i>Note</i>	Six months ended June 30,	
		2024	2023
Profit attributable to all equity shareholders of the Company (RMB'000)		57,802	35,291
Less: profit attributable to grantees of the Pre-IPO Restricted Share Plan		(468)	(242)
Profit attributable to ordinary equity shareholders of the Company (RMB'000)		57,334	35,049
Weighted average number of ordinary shares	<i>20(a)</i>	198,318,462	150,000,000
Basic earnings per share attributable to ordinary equity shareholders of the Company (in RMB per share)		0.2891	0.2337

(b) Diluted earnings per share

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

8 EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share (Continued)

Restricted shares granted under Pre-IPO Restricted Share Plan (see Note 19) were not included in the calculation of diluted earnings per share for the six months ended June 30, 2024 because their effect would have been anti-dilutive.

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

9 INTANGIBLE ASSETS

	Software RMB'000
Cost:	
As of January 1, 2023	7,459
Additions (Note (i))	5,969
As of December 31, 2023/January 1, 2024	13,428
Additions	–
As of June 30, 2024	13,428
Accumulated amortization:	
As of January 1, 2023	(4,047)
Charge for the year	(1,171)
As of December 31, 2023/January 1, 2024	(5,218)
Charge for the period	(694)
As of June 30, 2024	(5,912)
Net book value:	
As of June 30, 2024	7,516
As of December 31, 2023	8,210

Note (i): The addition of intangible asset with amount of RMB5.7 million is purchased from a related party and settled by offsetting the amount due from the related party.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

10 RIGHT-OF-USE ASSETS

	Office Buildings
	RMB'000
Cost:	
As of January 1, 2023	12,297
Inception of leases	8,001
Expiration of leases	(6,251)
Termination of leases	(59)
As of December 31, 2023/January 1, 2024	13,988
Termination of leases	(180)
As of June 30, 2024	13,808
Accumulated amortization:	
As of January 1, 2023	(6,468)
Charge for the year	(6,862)
Expiration of leases	6,251
As of December 31, 2023/January 1, 2024	(7,079)
Charge for the period	(3,388)
Termination of leases	60
As of June 30, 2024	(10,407)
Net book value:	
As of June 30, 2024	3,401
As of December 31, 2023	6,909

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

11 TRADE RECEIVABLES

	<i>Note</i>	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Trade receivables			
– third parties		213,062	139,736
– related parties	22(d)	17,911	23,276
Less: loss allowance		(3,635)	(3,133)
Trade receivables, net		227,338	159,879

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

Ageing analysis

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

12 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	<i>Note</i>	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Prepaid expenses		5,061	8,867
Input valued-added tax recoverable		3,095	2,559
Deposits		462	569
Amounts due from related parties	22(d)	223	11,262
Less: loss allowance		–	–
Total		8,841	23,257

All of the prepaid expenses and other current assets are expected to be recovered or recognized as expense within one year. The balance of amount due from related parties is non-trade in nature.

13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Cash at banks	140,174	134,226
Cash equivalent – time deposits (<i>Note (i)</i>)	237,297	–
Cash and cash equivalents in the statement of financial position	377,471	134,226
Cash and cash equivalents in the cash flow statement	377,471	134,226

Note (i): The initial maturity terms of all time deposits are within three months and so classified as cash equivalent.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

14 BANK LOANS

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Bank loans	–	20,000

The Group borrowed short-term loan of RMB10.0 million under a facility agreement for a line of credit RMB60.0 million at the interest rate of 4.600% per annum as of December 31, 2023. The loan is pledged by the Group's trade receivables from financial institutions. Such loan was fully repaid on April 12, 2024. The Group renewed the facility agreement in June 2024, which will be expired in June 2025.

The Group entered into a facility agreement with another commercial bank in the PRC for a line of credit of RMB10.0 million from December 14, 2023 to July 30, 2024. The Group borrowed short-term loan of RMB10.0 million under such facility agreement at the interest rate of 3.850% per annum as of December 31, 2023. Such loan was fully repaid by on March 1, 2024.

15 TRADE PAYABLES

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Trade payables		
– third parties	27,107	29,601
	27,107	29,601

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

15 TRADE PAYABLES (Continued)

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

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Within 6 months	27,107	29,601
	27,107	29,601

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

16 ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<i>Note</i>	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Other payables to customers (Note (i))		41,659	37,464
Accrued payroll and welfare		13,037	16,578
Value-Added Tax and surcharges payable		9,591	9,550
Restricted shares repurchase liability	19	4,325	4,325
Deposit received from third parties		2,210	2,327
Amounts due to related parties	22(d)	1,377	1,301
Accrued listing expenses		–	4,369
Others		6,739	10,010
Total		78,938	85,924

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

The balance of amounts due to related parties is trade in nature.

All of the accrued expenses and other current liabilities are expected to be settled within one year or are repayable on demand.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

17 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Maturity analysis-contractual undiscounted cash flows		
Within 1 year or on demand	7,493	7,556
More than 1 year but less than 2 years	3	84
Total undiscounted lease liabilities	7,496	7,640
Less: total future interest expenses	(166)	(334)
Present value of lease liabilities	7,330	7,306
Lease liabilities included in the consolidated statements of financial position		
Current	7,327	7,223
Non-current	3	83
Present value of lease liabilities	7,330	7,306
	Six months ended June 30,	2023
	2024	RMB'000
	RMB'000	RMB'000
Amounts recognized in profit or loss		
Interest on lease liabilities	165	321
Amounts recognized in the consolidated statements of cash flows		
Total cash flow for leases	21	92

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

18 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

Reconciliation to the consolidated statements of financial position:

	Note	Six months ended June 30, 2024 RMB'000	Year ended December 31, 2023 RMB'000
Balance relating to prior years		7,772	22,180
Provision for current income tax for the period/year	7(a)	15,895	27,679
Effect of change of tax rate in respect of prior year		–	(13,056)
Payment during the period/year		(15,288)	(29,031)
Balance relating relative period/year		8,379	7,772

(b) Deferred tax assets and liabilities recognized

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognized in the statement of financial position and the movements during the year/period are as follows:

Deferred tax arising from:	Deductible accumulative losses RMB'000	Impairment losses RMB'000	Lease liabilities and others RMB'000	Total deferred tax assets RMB'000	Right-of-use assets RMB'000	Total deferred tax liabilities RMB'000	Net RMB'000
January 1, 2023	668	696	1,605	2,969	(1,457)	(1,457)	1,512
(Charged)/credited to profit or loss	(668)	(158)	(955)	(1,781)	837	837	(944)
As of December 31, 2023 and January 1, 2024	–	538	650	1,188	(620)	(620)	568
Credited/(charged) to profit or loss (Note 7(a))	–	77	(6)	71	319	319	390
At June 30, 2024	–	615	644	1,259	(301)	(301)	958

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

18 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognized (Continued)

(ii) Reconciliation to the consolidated statements of financial position

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Total deferred tax assets	1,259	1,188
Total deferred tax liabilities	(301)	(620)
Net deferred tax assets recognized in the consolidated statement of financial position	958	568

(c) Deferred tax assets not recognized

The Group has not recognized deferred tax assets in respect of cumulative tax losses of RMB7.7 million (2023: RMB4.1 million) as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant tax jurisdiction and entity. The tax loss incurred by a subsidiary of the Group located in the PRC will expire in five years since initial occurrence under current tax legislation.

19 SHARE-BASED COMPENSATION

During the periods, the Group has the following share-based compensation arrangements:

(i) Pre-IPO Restricted Share Plan

The Company adopted a restricted share plan (“**Pre-IPO Restricted Share Plan**”) and granted a total number of 1,620,000 restricted shares to one director and certain employees at a purchase price of RMB2.67 per share on March 7, 2023 through issuing shares to Yuanshenghe (Shanghai) Enterprise Management Partnership (Limited Partnership) (“**the Restricted Share SPV**”), which is a limited partnership with the grantees of the Pre-IPO Restricted Share Plan as the limited partners. The restricted shares would become unlocked in tranches from the grant date on specific service condition that the grantees remain in service and scheduled to be unlocked over four years without any performance condition requirements. Based on the schedules of the Pre-IPO Restricted Share Plan, 25% of restricted shares shall become unlocked upon each anniversary from the grant date thereafter of completed service.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

19 SHARE-BASED COMPENSATION (Continued)

(i) Pre-IPO Restricted Share Plan (Continued)

For the locked restricted shares, if the service conditions are not fulfilled and the corresponding tranche of restricted shares granted cannot be unlocked, unlocked restricted shares will be repurchased at the initial purchase price paid by the grantees, or plus interest in an amount equal to 6% of the initial purchase price in certain condition. For the unlocked restricted shares, if the grantee's employment is terminated by the Group, the unlocked restricted shares held prior to the listing of the Company will be repurchased at the initial purchase price paid by the grantees. Movements in the number of restricted shares granted and the weighted average grant date fair value as follows:

	Number of restricted shares	Weighted average grant date fair value per share RMB	Remaining lock-up periods Year
Outstanding as of January 1, 2024	1,620,000	10.17	1.68
Granted during the period	–	–	–
Outstanding as of June 30, 2024	1,620,000	10.17	1.26
Outstanding as of January 1, 2023	–	–	–
Granted during the year	1,620,000	10.17	–
Outstanding as of December 31, 2023	1,620,000	10.17	1.68

Share-based compensation expenses related to Pre-IPO Restricted Share Plan is based on the grant date fair value of the restricted shares, and is recognized on a straight-line basis over the lock-up period of each tranches. The fair value of restricted shares at the grant date are determined by reference to the fair value of the underlying ordinary shares of the Company on the grant date, taking into account of the discount for lack of marketability and the purchase price. Discounted cash flow method was applied to determine the underlying equity value of the Company and the fair value of underlying ordinary shares. The grant date fair value of the restricted shares was determined with the assistance of an independent valuation firm.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

19 SHARE-BASED COMPENSATION (Continued)

(ii) Pre-IPO Share Option Plan

The Company adopted a share option plan (“**Pre-IPO Share Option Plan**”) and granted a total number of 10,199,730 options to one director and certain employees with an exercise price of RMB6.67 pursuant to the Pre-IPO Share Option Plan on March 7, 2023. The grantees of the Pre-IPO Share Option Plan are required to satisfy certain vesting service and non-market performance conditions for the entitlements, and a maximum of 25% of the granted options are vested on each anniversary from the grant date subject to fulfilment of the respective vesting criteria.

Options granted typically expire in 10 years from the grant date. The options may be exercised at any time after they have vested subject to the terms of the award agreement and are exercisable for a maximum period of 10 years after the date of grant.

Share-based compensation expenses related Pre-IPO Share Option Plan is based on the grant date fair value of the share options and awards ultimately expected to vest, and is recognized on a straight-line basis over the vesting period of each tranches.

A summary of activities of the share options is presented as follows:

	Number of share options	Weighted average exercise price RMB	Weighted average remaining contractual term Year
Outstanding as of January 1, 2024	8,858,400	6.67	9.19
Forfeited during the period	(1,219,986)	6.67	–
Outstanding as of June 30, 2024	7,638,414	6.67	8.69
Outstanding as of January 1, 2023	–	–	–
Granted during the year	10,199,730	6.67	–
Forfeited during the year	(1,341,330)	6.67	–
Outstanding as of December 31, 2023	8,858,400	6.67	9.19

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

19 SHARE-BASED COMPENSATION (Continued)

(ii) Pre-IPO Share Option Plan (Continued)

Fair value of share options

The fair value of share options was estimated using the binomial option-pricing model. The determination of estimated fair value of share options on the grant date is affected by the fair value of the Company's ordinary shares as well as assumptions regarding a number of complex and subjective variables. These variables include the expected volatility of the shares of the Company over the expected term of the awards, projected employee share option exercise behaviours, a risk-free interest rate and expected dividends, if any. The grant date fair values of the share options were determined with the assistance of an independent valuation firm.

Based on fair value of the underlying ordinary shares, the Group has used binomial option-pricing model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

	As of grant date
Risk-free interest rates	2.9%
Expected term – years	10
Expected volatility	43.4%
Exercise multiple	2.2–2.8
Fair value of ordinary shares (RMB)	12.84
Exercise price (RMB)	6.67
Expected dividend yield	0.00%

The expected volatility was referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. The valuation was based on the assumption that no dividends will be distributed.

The table below sets forth share-based compensation expenses recognized as staff costs in the consolidated statements of profit or loss for the periods:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Pre-IPO Restricted Share Plan	2,970	2,568
Pre-IPO Share Option Plan	11,812	11,086
Total	14,782	13,654

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

19 SHARE-BASED COMPENSATION (Continued)

(ii) Pre-IPO Share Option Plan (Continued)

Fair value of share options (Continued)

As of June 30, 2024, the Company had received a total cash consideration of RMB4,325,400 of capital contribution from the grantees of Pre-IPO Restricted Share Plan, including RMB7 of new share capital and RMB4,325,393 of capital reserve. As the Company has the obligation to repurchase the granted restricted shares under above mentioned conditions, the Company recognizes a liability in full for the repurchase obligation and treats such restricted shares as treasury shares, recorded under the items of "Accrued expenses and other current liabilities" and "Treasury Shares" in the statements of financial position, respectively.

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

The Company was incorporated in the Cayman Islands in June 2021 with an authorized share capital of USD50,000 divided into 50,000 shares with a par value of USD1.0 each. Upon incorporation, the Company issued 100 ordinary shares.

On February 15, 2023, the Company's issued and unissued 50,000 shares of a par value of USD1.0 each were subdivided into 75,000,000,000 shares with a par value of USD0.00000066667 each. As a result, the issued share capital of the Company became 150,000,000 shares of USD0.00000066667 par value each.

On March 7, 2023, the Company adopted the Pre-IPO Restricted Share Plan and granted a total number of 1,620,000 restricted shares with a par value of USD0.00000066667 each to one director and certain employees. As of December 31, 2023, the Company had received the capital contributions.

Upon completion of the Initial Public Offering, the Company issued 50,540,000 new ordinary shares with a par value of USD0.00000066667 each for offering price of HKD5.95 each. The respective share capital amount was approximately RMB239.26 and share premium arising from the issuance was approximately RMB260.1 million, net of the share issuance costs.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

20 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Nature and purpose of Reserves

(i) Capital reserve

The capital reserve comprises the following:

- the portion of the grant date fair value of unexercised share-based compensation granted to employees of the company that has been recognized; and
- the capital premium arising from issuance of restricted shares (see Note 19).
- the capital premium arising from issuance of new ordinary shares (see Note 20(a)).

(ii) PRC statutory reserves

According to the PRC Company Law, the PRC subsidiaries of the Group are required to transfer 10% of their profit after taxation (after offsetting the losses in the previous years), as determined under the People's Republic of China Generally Accepted Accounting Principles (PRC GAAP), to the statutory reserves until the reserve balance reaches 50% of their registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserves fund can be used to cover previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings, provided that the balance after such issue is not less than 25% of the registered capital.

(iii) Exchange reserve

The exchange reserve arising from activities of the Company and a subsidiary, Hong Kong Changjiu Digital Technology Limited (accounted in HK dollars) are recognized as "exchange reserve" in the shareholder's equity in the consolidated statement of financial position.

(c) Dividends

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

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

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

21 FAIR VALUE MEASUREMENT

The Group does not have any financial instruments measured at fair value as of June 30, 2024 and December 31, 2023.

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair values as of June 30, 2024 and December 31, 2023.

22 RELATED PARTY TRANSACTIONS

The following significant transactions are carried out between the Group and its related parties during the periods.

(a) Names and relationships with related parties

The following individuals/companies are significant related parties of the Group that had transactions and/or balances with the Group during the periods.

Name of related parties	Relationship
Mr. Bo Shijiu and Ms. Li Guiping	Ultimate Controlling Shareholders of the Company
Changjiu Industrial (吉林省長久實業集團有限公司)	Entity controlled by Ultimate Controlling Shareholders
Beijing Qianpinmao Technology Co., Ltd (北京千品貓科技有限公司)	Entity controlled by close family member of Ultimate Controlling Shareholders
Derong International Finance Leasing Co., Ltd (德融國際融資租賃有限公司)	Entity controlled by Ultimate Controlling Shareholders
Guangxi Changjiu Vehicle Investment Co., Ltd. and its subsidiaries (廣西長久汽車投資有限公司)	Entity controlled by Ultimate Controlling Shareholders
Xunruida Technology (Beijing) Co., Ltd (迅睿達科技(北京)有限公司)	Entity controlled by Ultimate Controlling Shareholders

The official names of all entities above are in Chinese. The English names are for identification purpose only.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

22 RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors, is as follows:

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Salaries, allowances, and benefits in kind	3,711	3,145
Discretionary bonuses	1,198	364
Retirement scheme contributions	228	189
Share-based compensation expenses	5,468	5,053
Key management personnel remuneration	10,605	8,751

Total remunerations are included in "staff costs" (see Note 6(b)).

(c) Related parties' transactions

The outstanding balances arising from above transactions at the end of the reporting period are as follows:

	Six months ended June 30,	
	2024 RMB'000	2023 RMB'000
Operation service received from related parties	1,106	1,090
Automobile dealership operation management service provided to related parties	28,427	30,281
Pledged vehicle monitoring service provided to related parties (Note (i))	6,752	19,240
Purchase intangible asset from a related party (Note (ii))	–	5,663
Purchase goods from a related party	271	–
Net change of non-trade related amounts due from related parties	(11,039)	(19,914)
Net change of trade related amounts due to related parties	76	–

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

22 RELATED PARTY TRANSACTIONS (Continued)

(c) Related parties' transactions (Continued)

Notes:

- (i) As the rights and obligations under some agreements with some counterparties of the pledged vehicle monitoring service businesses have not been transferred to the Group, then Changjiu Industrial entirely and exclusively entrusted such required service under all the above mentioned outstanding agreements with these counterparties to Changjiu Jinfu. Therefore, the related revenue was disclosed as related parties' transactions.
- (ii) Such purchase is settled by offsetting the amount due from the related party.

(d) Balance with related parties

	<i>Note</i>	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Amounts due from related parties		18,134	34,538
– Trade receivable	<i>11</i>	17,911	23,276
– Prepaid expenses and other current assets	<i>12</i>	223	11,262
Amounts due to related parties		1,377	1,301
– Accrued expenses and other current liabilities	<i>16</i>	1,377	1,301
Contract Liabilities		1,217	1,996
– Trade related	<i>4(a)(ii)</i>	1,217	1,996

The non-trade related amounts due from related parties as of December 31, 2023, which are non-interest bearing and repayable on demand and was settled in March 2024.

Notes to the unaudited interim financial statements (Continued)

Expressed in RMB

23 CAPITAL COMMITMENTS

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000
Contracted but not provided for in the financial statements with regard to commitments of intangible assets' development/ acquisition	15,257	13,913

24 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As of June 30, 2024, the directors consider the immediate parent of the Company to be Advanced Limited, which is incorporated in the British Virgin Islands, and the ultimate controlling parties of the Company to be Mr. Bo Shijiu and Ms. Li Guiping.

25 EVENTS AFTER THE REPORTING PERIOD

On July 16, 2024, the Company partially paid the dividends (see Note 20(c)).