

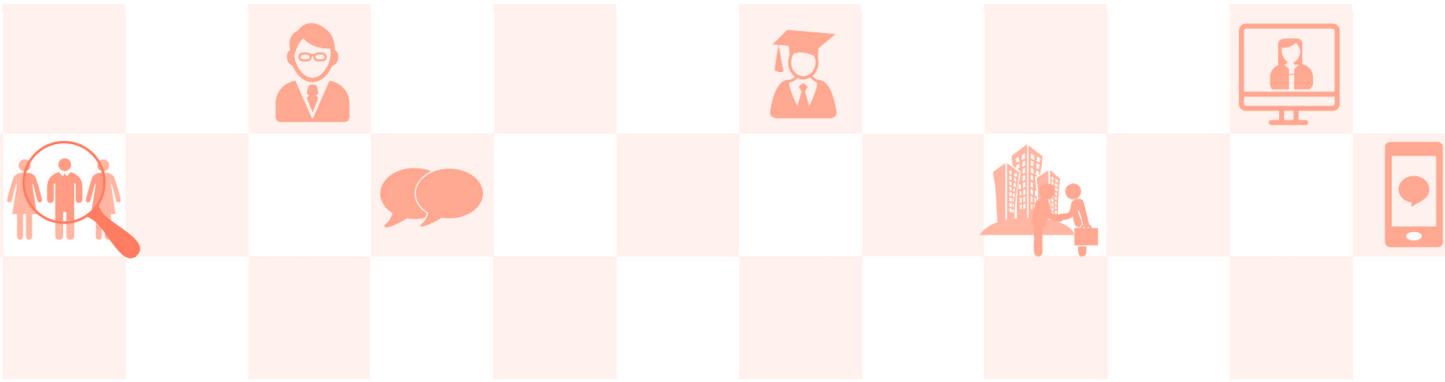


# Tongdao Liepin Group 同道獵聘集團

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



## INTERIM REPORT 2023



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## DEFINITIONS

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

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

<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Number of CVs”</b>	number of professional profiles of registered individual users presented to business customers that typically include at least the name, gender, age, location, contact number, current employer, title, salary and industry of such registered individual users
<b>“PRC”</b>	the People’s Republic of China
<b>“Prospectus”</b>	the prospectus of the Company, dated 19 June 2018, in relation to its global offering
<b>“R&amp;D”</b>	research and development
<b>“Registered individual users”</b>	the individual users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both individual paying users and individual non-paying users as of a given date
<b>“Remuneration Committee”</b>	the remuneration committee of our Company
<b>“Reporting Period”</b>	the six months ended 30 June 2023
<b>“RMB”</b>	Renminbi, the lawful currency of PRC
<b>“SaaS”</b>	software-as-a-solution, which refers to the Company’s talent services delivery model where the Company hosts a range of proprietary software solutions and provides them to the Company’s registered individual users, verified business users and verified headhunters over the Internet
<b>“Talent services”</b>	talent acquisition services, other HR services, and talent development services provided to business users and individual users, as the case may be
<b>“US\$” or “USD”</b>	United States dollars, the lawful currency of the United States of America
<b>“Verified business users”</b>	all business users that have completed all required registration and verification procedures to the Company’s satisfaction, which include both business customers and non-paying business users who do not have active contracts with the Company as of a given date
<b>“Verified headhunters”</b>	the headhunters that have completed all required registration and verification procedures to the Company’s satisfaction

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Dai Kebin  
(Chairman and Chief Executive Officer)  
Mr. Chen Xingmao  
(Chief Technology Officer)

### Non-executive Director

Mr. Shao Yibo

### Independent Non-executive Directors

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

## HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## REGISTERED OFFICE

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

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

## LEGAL ADVISER TO HONG KONG LAW

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

## PRINCIPAL BANK

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

## COMPANY SECRETARY

Ms. Fung Wai Sum (ACG, HKACG)

## AUTHORIZED REPRESENTATIVES

Mr. Dai Kebin  
Ms. Fung Wai Sum

## AUDIT COMMITTEE

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

## REMUNERATION COMMITTEE

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

## NOMINATION COMMITTEE

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

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

## STOCK CODE

6100

## AUDITOR

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

## COMPANY WEBSITE

[www.liepin.com](http://www.liepin.com)

Note:

\* Ms. Fan Xinpeng has been appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Remuneration Committee, with effect from 12 September 2023. For details, please refer to the announcement made by the Company on 12 September 2023.

The key unaudited financial data during the three months ended 30 June 2023 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB589.8 million for the three months ended 30 June 2023, an 18.4% decrease from RMB723.0 million for the three months ended 30 June 2022.
- Gross profit was RMB439.3 million for the three months ended 30 June 2023, a 22.2% decrease from RMB565.0 million for the three months ended 30 June 2022.
- Net profit was RMB61.1 million for the three months ended 30 June 2023, compared to RMB171.2 million for the three months ended 30 June 2022. Net profit attributable to equity shareholders of the Company was RMB50.7 million for the three months ended 30 June 2023, compared to RMB145.9 million for the three months ended 30 June 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB62.9 million for the three months ended 30 June 2023, compared to RMB186.6 million for the three months ended 30 June 2022.

The key unaudited financial data during the six months ended 30 June 2023 was set out as follows:

- Revenue primarily generated from providing talent acquisition and other HR services to our business customers and providing talent development services to individual users was RMB1,093.0 million for the six months ended 30 June 2023, a 20.3% decrease from RMB1,371.6 million for the six months ended 30 June 2022.
- Gross profit was RMB822.0 million for the six months ended 30 June 2023, a 24.2% decrease from RMB1,084.6 million for the six months ended 30 June 2022.
- Net profit was RMB12.9 million for the six months ended 30 June 2023, compared to RMB184.4 million for the six months ended 30 June 2022. Net profit attributable to equity shareholders of the Company was RMB8.3 million for the six months ended 30 June 2023, compared to RMB142.2 million for the six months ended 30 June 2022.
- Non-GAAP operating profit of the Company (excluding share-based compensation expenses and amortization of intangible assets resulting from acquisition) was RMB46.9 million for the six months ended 30 June 2023, compared to RMB242.8 million for the six months ended 30 June 2022.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 to the shareholders of the Company.

# CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board and the management of Tongdao Liepin Group (the “**Company**”), I am pleased to present the 2023 interim report of the Company and its subsidiaries (collectively, the “**Group**”, “**Liepin**” or “**we**”, “**our**” and “**us**”).

In the first half of 2023, our national economy has recovered moderately, and the employment market, which is highly related to residents' income, received great attention from the government and society. However, the overall recruitment demand of enterprises has resumed slowly, and enterprises still need time to regain their confidence. The mid-to high-end recruitment market remains under pressure, and the market sentiment still needs to be improved. As a result, the Company's income also faces certain pressures for the reporting period. For the six months ended 30 June 2023, the total revenue was RMB1,093.0 million, representing a year-on-year decrease. However, we maintained profitability through cost reduction and efficiency improvement, and realized a net profit of RMB12.9 million in the first half of the year.

Since the beginning of this year, with the resumption of offline consumption activities, the recruitment demand of the in-person service industry has been the first to pick up. However, recruitment activities for professionals in industries with a large scale of mid-to high-end talents, such as the internet, real estate and finance, have remained highly cautious. Moreover, according to our survey and field observation, there are also distinctions in the recovery of recruitment demand for different job categories: the new recruitment demand is mostly business-oriented, while for other job categories, small-scale replacement demand is still the main focus, and recruitment activities are more cautious.

Despite the overall recruitment market being under pressure, the number of users on our platform continues to increase due to the deepening of brand awareness and optimization of platform operations, enabling the steady development of our “BHC” ecosystem. In terms of individual users, with the lift of pandemic restrictions, job seekers' confidence has rebounded and fresh graduates entered the labor market, which resulted in a more active talent supply in the recruitment market for the first half of the year. As at 30 June 2023, the number of registered individual users on our platform reached 90.0 million, representing a year-on-year increase of 13.2%. In particular, student groups were more active in job seeking. The year-on-year growth of newly registered users among college students remained above 30.0%, and the year-on-year growth of DAU (Daily Active Users) of overseas students exceeded 45.0%. Starting from this year, our Company paid more attention to precise customer acquisition, targeting to attract talents that are demanded by the industries with recruitment plans. In addition, we continued to improve the multi-channel user retrieval strategy to enhance user activity and promote effective matchings on our platforms.

Headhunter is an essential part of the mid-to high-end talent recruitment market. As of 30 June 2023, the number of verified headhunters on our platform was 219,000, representing a year-on-year increase of 4.6%. Due to various factors such as the upgrading of industrial structure, limited recovery of recruitment demand after the pandemic, and talents' cautiousness in making career changes, the headhunting industry experienced a downturn, with rising difficulties in delivery. Against this backdrop, the industry needs innovation in products, technologies and models to break through the current situation. Against this backdrop, we are planning to launch a digital SaaS-based cooperation network to promote collaboration between headhunting consultants and headhunting enterprises, accelerate the flow and reuse of industry production factors such as job seekers and consultants, and work with more partners to improve the operational and matching efficiency of the headhunting industry.

For business users, the recruitment demand has yet to recover, and the number of paying customers also declined in the reporting period. As of 30 June 2023, the number of business customers was 60,407, representing a year-on-year decrease of 9.6%. Expanding customer coverage has always been our Company's core business strategy. In view of the current structural imbalance in the recovery of recruitment demand, in addition to providing in-depth services to existing customers, we will cover more small and medium-sized enterprises with faster recovery in recruitment demand by launching more flexible recruitment packages. As the macro environment returns to an expansionary growth trajectory, we expect to serve our customers with a wide range of products to increase ARPU. In addition, we will continue to invest in our products and R&D to improve our precise matching capabilities and simplify the recruitment process for enterprises. Furthermore, we will also continue to explore the application and implementation of artificial intelligence technologies in the recruitment field, hoping to further optimize our products and services by using cutting-edge technologies.

During the year, we have also made new attempts in our business operation. On the one hand, we strengthened cooperation with the government and industrial parks. On the other hand, in response to the demand for recruiting overseas talents brought by enterprises' globalization, we also proactively seized new development opportunities. In the first half of the year, we had multiple in-depth discussions and cooperations with Hong Kong regional government. In August, we officially became the first recruitment platform from mainland China to join the Hong Kong talent service official website. Apart from mid-to high-end online recruitment business, we also expanded various sub-sectors to broadly meet the needs of our business customers and individual users. Due to the synergistic improvement of the middle and back-end systems and organizational structure in the early stage, we will pay more attention to the integration of resources on the sales and the traffic side during this year, aiming to open up more space for cross-selling.

On behalf of the Board, I would like to extend our gratitude to all customers, partners, employees and investors for their long-term trust and support. As a company that has cultivated the mid-to high-end online recruitment market for more than a decade, we will continue to enhance our talent-to-job matching capability, provide enterprises and talents with professional and efficient products and services based on our profound insights into the employment market. We will spare no effort to assist in stabilizing employment and continuously create value for our users and the whole society.

Yours faithfully,

**Dai Kebin**

*Chairman*

25 August 2023

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

### PRC Talent Acquisition and Other HR Services Market

The first half of 2023 is a crucial period for the early resurgence of national economy. The employment market has also shown signs of recovery along with the rejuvenation of the macro-environment, yet in a mild extent as the recruitment demand remained quite soft. Since July 2023, the central government has orchestrated a series of high-level meetings, including the CPC economic conference, expert symposiums, and industry forums, focusing on stabilizing economic growth and national employment. These meetings have proposed specific guidelines and instructions for achieving high-quality development and supporting private enterprises. A series of supportive statements have injected long-term development confidence into private sectors. More substantial measures are expected to roll out in the second half of this year to further drive the high-quality growth of the economy.

The resumption of offline activities, steady business operations by enterprises, and favorable policies have led to certain rebound in market confidence. Therefore, during the second quarter of 2023, we observed a recovery of recruitment demand in certain industries such as chemicals and energy, trade and logistics, and consumer goods, as evidenced from the influx of new job postings on our platform. Nevertheless, amidst these positive strides, several key industries such as real estate and internet, boasting large employment potential, have maintained a cautious stance towards scaling up their hiring efforts, thereby exerting more drag on the overall employment landscape. It is worth noting that, the structural mismatch of the overall employment market remains significant. While the national urban unemployment rate has stabilized at a reasonable level in the second quarter of 2023, the youth unemployment rate remains relatively high. This is particularly a challenge for the society, as fresh graduates have started to enter the job market since June 2023, further exacerbating the job market faced by young people. Against this backdrop, state-owned enterprises and government offices continued to take the lead in providing job openings, particularly campus recruitment positions targeting young talents. We also look forward to more supporting measures to address the structural challenges.

Meanwhile, industrial transformation remains a key path of our national development. In recent years, supported by policy incentives and substantial capital infusion, emerging industries have experienced rapid growth. With the guidance of local governments, distinctive industrial parks for specialized and sophisticated (“專精特新”) enterprises have emerged, and especially gathered in new first-tier and top second-tier cities, creating new recruitment unit and driving talent migration. The evolution of industrial structure and talent map has placed higher demands on talent service providers’ cross-industry and cross-region service capabilities. It indicates that a platform that can provide national coverage of talents from multiple industries will suit the needs of more companies. In this regard, to better serve our customers’ dynamic needs, we never stop improving our matching technology and optimizing our product design and sales network.

## PRC Talent Development Services Market

Since the beginning of this year, the ease of offline restrictions and the recovery of business operations have unleashed a pent-up wave of job-seeking aspirations among individuals, culminating in a notable upsurge in levels of talent activity. Accordingly, we have witnessed a historic high in user registration and activity on our platform in the first half of this year. While user growth in the second quarter has stabilized compared to the first quarter, it has remained at a high level. Especially, since June 2023, the entry of fresh graduates into the job market has added over 11 million young labor forces to the market. In the second quarter, youth employment still faces significant challenges due to the imbalance and mismatch between enterprises' recruitment demand and talents' work expectations. To address this issue, the government has undertaken a series of strategic measures, including the "Million Internship" ("百萬見習") plan for college graduates, employment subsidies, and tax incentives for hiring young talents. Our Group remained committed to fulfilling our social responsibilities to address the structural imbalance of the employment industry and drive a healthy employment market as ever. To help youth embark on their career path, we have co-hosted the "Hundred Days, Ten Million Opportunities" ("百日千萬") recruitment campaign for fresh graduates together with the Ministry of Human Resources and Social Security for four consecutive years and proactively assisted local governments in conducting student-specific recruitment activities. With the support of the government, we have successfully attracted more young talents and diversified enterprises to our platform, thus we achieved better talent-to-job matching for youth, leveraging our matching technology.

Furthermore, we have also served a great number of emerging enterprises that align with our national industrial development path by leveraging our unique positioning and advantages in the mid-to-high-end recruitment market. Their rapid growth often presents substantial talent gaps, yet their exacting criteria for successful candidates, grounded in profound professional backgrounds and substantial work experiences, render the acquisition of fitting talents a formidable challenge. Against this backdrop, we have paid even closer attention to attracting and retaining such scarce talents, strengthening our talent pool through precise marketing, targeted outreach, and other means, and enhancing our talent-to-job matching efficiency.

Additionally, we have observed a continuous increase in employment demand in regions outside mainland China. Therefore, we have reinforced our ability to serve the recruitment needs of these enterprises by participating in local government recruitment activities and reallocating internal resources. In May 2023, the Director of the Hong Kong's Labor and Welfare Bureau visited our Group and had a profound discussion with our management team regarding Hong Kong's talent attraction policies and new trends in talent development. Furthermore, in August 2023, Liepin became the first online recruitment platform from mainland China to join the Hong Kong talent service official website. We have taken one step forward in expanding our business boundaries and serving more quality users.

## BUSINESS REVIEW

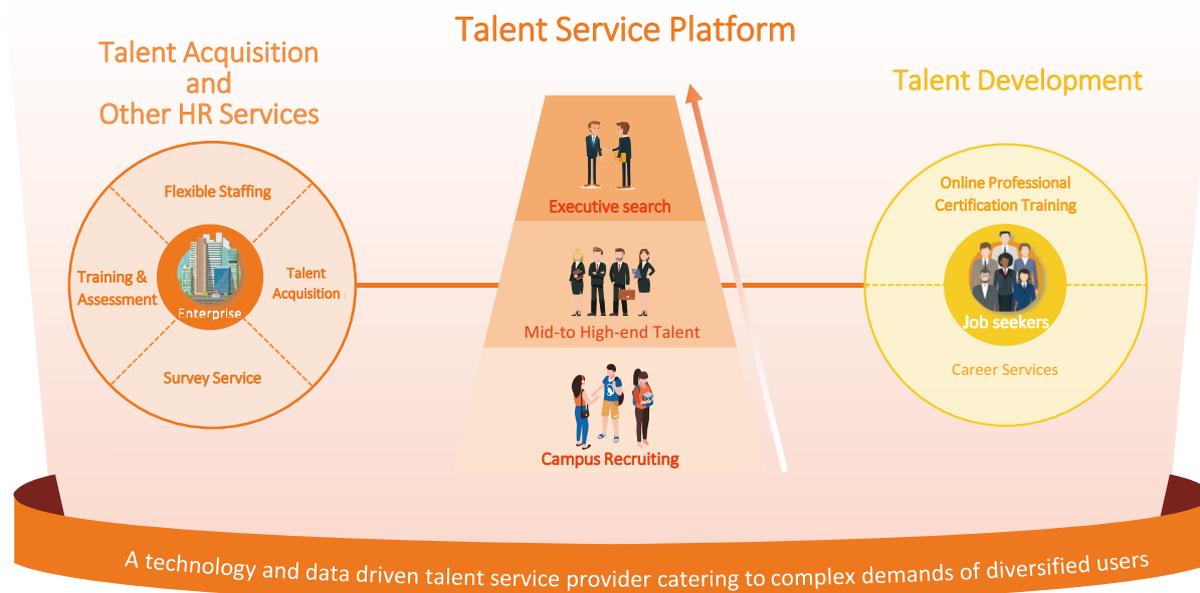
### Overall Performance and Highlights

During the first half of 2023, both the employment market and our business have shown signs of recovery to a certain degree. However, since our core talent acquisition business mainly comprises pre-paid subscription-based products, the cash billings in advance therefrom will be recognized as revenue based on customers' actual consumption during the contract period. Therefore, due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year, we incurred declining reported financial performance. For the three and six months ended 30 June 2023, our revenue amounted to RMB589.8 million and RMB1,093.0 million, respectively, representing a year-on-year decrease of 18.4% and 20.3%, respectively.

Specifically, the revenue generated from providing talent acquisition services and other HR services to our business customers was RMB526.2 million and RMB978.0 million in the second quarter and the first half of the year respectively, and, representing a year-on-year decrease of 19.2% and 18.7% respectively. As we continued to attract new users, as at 30 June 2022 and 2023, the number of our verified business users was 1,078,637 and 1,217,417 respectively, representing a year-on-year increase of 12.9%. Among them, we served 60,407 business customers during the first half of this year, reflecting a year-on-year decrease of 9.6%.

In terms of our individual users, the revenue generated from providing talent development services was RMB63.2 million and RMB114.1 million in the second quarter and the first half of this year, respectively. As at 30 June 2022 and 2023, the number of registered individual users was 79.5 million and 90.0 million respectively, representing a year-on-year increase of 13.2%. In addition, the talents' activity level also experienced a surge.

Our non-GAAP profits from operations in the second quarter of 2023 was RMB62.9 million, and was RMB46.9 million for the first half year of 2023. The decrease in revenue, along with the lower reduction in necessary expenses to promote long-term sustainable development, have squeezed our profit margin.



## Talent Acquisition Services

Since the beginning of this year, we have been intensifying our endeavors to attract more business customers to our platform based on a good customer retention. We encouraged them to explore our products and gradually become our loyal customers. As at the end of the second quarter of this year, we took the initiative to launch more flexible recruitment packages based on a mature customer segmentation system to cater to the recruitment needs of a wider range of enterprises. This new tactic will result in better customer conversion and more active platform usage. Starting from the third quarter of this year, we will comprehensively promote more lightweight and user-friendly basic online products on a large scale for smaller sized enterprises with limited recruitment budgets. As we develop deep bonds with these enterprises, we expect to upsell and cross-sell our well-rounded product mix in the near future.

On the other hand, for large group enterprises and state-owned enterprises with diverse needs, we have further improved our product suitability and deepened our professional services. For example, we launched the “City Station” (“城市站”) page to promote suitable job postings from selected quality enterprises to our individual users. This precision-oriented strategy not only affords renowned establishments the advantage of targeted exposure, but also streamlines the job-seeking experience for individual users aspiring to secure positions within prominent, well-established entities. Consequently, this two-fold enhancement augments platform engagement and loyalty from both vantage points. At the same time, we continued to upgrade our government edition (“獵聘政務版”) sub-SaaS product, launching functions such as data dashboards and aggregate position management, to provide a digital management platform for governments and industrial parks. We are aiming to attract affiliated enterprises in the industrial park by leveraging this new edition and drive simultaneous growth of user supply and recruitment demand.

The relentless enhancement of our products and services, aimed at elevating our precision in matching and augmenting user experience, remains at the very core of our Group’s mission. In the second quarter, we focused on optimizing the interface and recruitment path for enterprise customers, streamlining their recruitment processes. Central to this initiative was the optimization of our ranking model, a pivotal enhancement that engenders intelligent matching outcomes spanning a wider spectrum, aligning with user preferences and behaviors. Additionally, leveraging our data modeling capabilities, we established a personalized recommendation mechanism for different regions and industries. These upgrades provide our users with more effective recommendations that better align with the diverse needs and promotes user interaction.

The improvement of applied technology is only possible with the continuous accumulation of fundamental technical capabilities. This year, we have achieved the sharing of computing power and the modularization of various basic functions, supporting the migration of algorithms and functions across different business lines. This has improved the adaptability and flexibility of our basic technical capabilities while achieving better cost efficiency. Our technological upgrades have been recognized by our customers and the society. A notable instance is our invitation to the World Artificial Intelligence Conference held in Shanghai in July 2023. At the conference, we shared our thoughts and practices on applying artificial intelligence in the recruitment industry. We also took this opportunity to showcase our technological innovation in the field to professionals from various industries.

Amidst the ever-changing environment, our commitment to corporate responsibility remains unshaking. In the second quarter of 2023, we continued to carry out numerous public welfare recruitment activities, supporting and easing the job search process for specific groups of talents. One remarkable illustration of our conscientious efforts this year was the collaborative organization of the “Silent OFFER Market” (“無聲OFFER市集”) special recruitment event to provide more suitable employment opportunities to the hearing-impaired, in order to establish a fairer employment environment. We gathered a great number of quality enterprises and offered a variety of positions in technology, strategy, retail, live-streaming, and other fields to assist every talent in achieving their career success.

### Other HR Services

Building on our core online recruitment services, we have also expanded our offerings along the human resources value chain to meet our clients’ deeper needs and open up more space for our Group’s development. Our diversified product mix has also allowed us to gain more comprehensive insights of the market, which plays a key role in making forward-looking strategic decisions.

Specifically, in the face of short-term disruptions to user traffic, our online survey business has maintained a strong market-leading position. Notably, in the second quarter of this year, we not only achieved constant iterations on product design and functionality but also integrated cutting-edge AI computing capabilities. We launched tools such as automatic questionnaire generation and automatic results standardization and analysis, which improve the convenience and visualization of the survey while also meaningfully save time for our users on groundwork. On one hand, this enhances the customer experience and increases user stickiness. On the other hand, it lays the foundation for the upgrades of our survey SaaS business.

Our flexible staffing business has maintained steady growth. As a company with a trustworthy and credible brand, we place greater emphasis on risk management and the supervision over compliance of the projects we serve. With a clearer trend towards standardization and transparent supervision in the flexible staffing industry, we are resolute in our belief that embracing a compliant and disciplined operational ethos will be a pivotal catalyst for our sustained and long-term development. Building on this principle, in the second quarter of this year, we also optimized the organizational structure related to this business, improving personnel efficiency while reducing operating expenses.

It is worth mentioning that starting from this year, we have gradually strengthened the synergy between our core online recruitment sector and various subsidiary sectors on the business front. This includes integrating HR-related survey services into our sales mix, as well as promoting professional certification training sessions leveraging our user traffic. In recent years, we have mainly completed the process of synergizing with our subsidiaries in terms of systems, back office, and personnel, which will ensure a smoother and more stable front-end business synergy. This synergistic initiative enhances our capacity to meet the diverse needs of our clients and capture greater cross-sale opportunities.

We persisted in optimizing our operations in the second quarter. Firstly, in terms of attracting new users, we further refined our marketing strategy by focusing on the operation of cost-effective channels to better connect with our user base. Notably, we upgraded the equation for evaluating channel efficiency and kept exploring channels that have a similar brand image and target users as us. These boutique channels also provide encouraging user conversion. Secondly, for individual users who have already registered on our platform, we allocated resources and traffic more precisely and achieved more comprehensive coverage through a combination of algorithms and services. With these upgrades, new users can connect to their ideal jobs seamlessly and quality talents that are in high demand can enjoy more precise and balanced matching. As a result, we effectively improved our user experience, strengthened user activity, which led to a notable increase in user loyalty and engagement within the platform.

There have been signs of slight recovery in both the willingness and ability of talents to pay for services, particularly from the second quarter of this year. Our online professional certification training services have also enjoyed this tailwind, demonstrating positive business development in the second quarter. Compared to before, our strategic direction in this business segment is now more focused, with a greater emphasis on verticals in which we possess differentiated resources, competitive advantages, and substantial avenues for growth. Examples include our endeavors in domains such as psychological counseling certification and MBA-related courses. We believe that this more targeted approach will enable us to establish deeper competitive barriers and provide us with long-term development advantages.

	As of 30 June			As of 31 December
	2023	2022	%	2022
<b>Individual users</b>				
Number of registered individual users (in millions)	90.0	79.5	13.2	83.5
Number of individual paying users (accumulative)	516,925	479,032	7.9	495,980
<b>Business users and customers</b>				
Number of verified business users	1,217,417	1,078,637	12.9	1,129,568
Number of business customers	60,407	66,794	-9.6	70,678
Number of job postings (in millions)	6.3	6.8	-7.6	8.9
<b>Headhunters</b>				
Number of verified headhunters	218,551	208,967	4.6	211,772
Number of contacts with registered individual users by our verified headhunters (in millions)	587.1	634.7	-7.5	1,146.0

### FUTURE OUTLOOK AND STRATEGIES

In the second half of this year, we will continue to focus on attracting business users by adapting to the recruitment needs of more enterprises through a flexible product mix and an agile sales personnel arrangement. Through user analysis and segmentation, we can identify enterprises that have recruitment needs but limited recruitment budgets. For such companies, we will promote the basic online product packages on a large scale in the third quarter. These customers will have deeper access to Liepin's resources and productivity products, in addition to enjoying free features, thus empowering their online recruitment processes. Meantime, we will build stronger connections with these enterprises and acquire a thorough understanding of their development. This will allow us to provide our diversified products in a timely manner when they are in need, achieving more upsell and cross-sell in the coming years.

Our long-term investment in research and development has provided fertile soil for the incubation of innovative products. In the second quarter of this year, we continued to refine our recruiter cooperation network by optimizing product strategies and functions based on feedback from our initial users. It is noticeable that, recently, along with the national industrial transformation and enterprises' execution of cost reduction strategies, headhunting firms are facing increased challenges. Against this backdrop, the headhunting industry is eager for change. Our Group, as an independent platform that focuses on the mid-to high-end market, can leverage our long-term close relationship with headhunters, deep understanding of the recruitment industry, and accumulation of resources and technological capabilities to bring revolutionary enhancements to the operation efficiency and matching efficiency of the industry. We look forward to enlarging the market by inviting headhunting companies to join our closed-loop ecosystem, snowballing our competitive advantages as the mechanism gradually matures, and better serving the development of enterprises by precisely delivering quality candidates. This new business will also open up greater space for us by disrupting the traditional yet massive offline headhunting market.

## FINANCIAL REVIEW

### Six Months Ended 30 June 2023 Compared to Six Months Ended 30 June 2022

	Six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
<b>Revenue</b>	<b>1,092,965</b>	1,371,630
Cost of revenue	<b>(270,946)</b>	(287,016)
<b>Gross profit</b>	<b>822,019</b>	1,084,614
Other income	<b>75,350</b>	62,784
Sales and marketing expenses	<b>(557,552)</b>	(617,886)
General and administrative expenses	<b>(157,676)</b>	(165,457)
Research and development expenses	<b>(169,411)</b>	(184,184)
<b>Profit from operations</b>	<b>12,730</b>	179,871
Net finance income	<b>6,241</b>	12,191
Share of results of associates	<b>295</b>	445
<b>Profit before taxation</b>	<b>19,266</b>	192,507
Income tax	<b>(6,394)</b>	(8,115)
<b>Profit for the period</b>	<b>12,872</b>	184,392
<b>Attributable to:</b>		
— Equity shareholders of the Company	<b>8,300</b>	142,172
— Non-controlling interests	<b>4,572</b>	42,220
<b>Profit for the period</b>	<b>12,872</b>	184,392
<b>Non-GAAP Profit from Operations</b>	<b>46,925</b>	242,762

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

Our revenue was RMB1,093.0 million for the six months ended 30 June 2023, a 20.3% decrease from RMB1,371.6 million for the six months ended 30 June 2022. Revenue from talent acquisition and other HR services to our business customers, accounting for 89.5% of our revenue, was RMB978.0 million for the six months ended 30 June 2023, an 18.7% decrease from RMB1,202.7 million for the six months ended 30 June 2022, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year. Revenue from talent acquisition and other HR services to our business customers mainly comprised (1) customized subscription packages that include various talent services charging various fixed rates; and (2) transaction-based talent acquisition services that charge a fixed rate based on the offered annual salary of a particular job upon completion of certain hiring milestones.

Revenue from talent development services to individual users, accounting for 10.4% of our revenue, was RMB114.1 million for the six months ended 30 June 2023, a 32.1% decrease from RMB168.1 million for the six months ended 30 June 2022, primarily due to the yet-to-be-recovered consumption willingness. Revenue from talent development services to individual users primarily consisted of providing premium membership services, career coaching, CV advisory and certification training services.

Revenue from rental income from investment properties was RMB0.9 million for the six months ended 30 June 2023, and RMB0.8 million for the six months ended 30 June 2022.

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

	For the six months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	977,968	89.5	1,202,670	87.6
Talent development services to individual users	114,132	10.4	168,134	12.3
Rental income from investment properties	865	0.1	826	0.1
<b>Total</b>	<b>1,092,965</b>	<b>100.0</b>	<b>1,371,630</b>	<b>100.0</b>

### Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB270.9 million for the six months ended 30 June 2023, a 5.6% decrease from RMB287.0 million for the six months ended 30 June 2022. The amortization of intangible assets resulting from acquisition was RMB8.6 million (2022: RMB8.6 million). The share-based compensation expenses were RMB0.2 million (2022: RMB0.2 million).

### **Gross Profit and Gross Profit Margin**

As a result of the foregoing, the Company's gross profit was RMB822.0 million for the six months ended 30 June 2023, a 24.2% decrease from RMB1,084.6 million for the six months ended 30 June 2022. Gross profit margin decreased to 75.2% for the six months ended 30 June 2023 from 79.1% for the six months ended 30 June 2022, primarily due to mix shift toward more service-intensive products.

### **Sales and Marketing Expenses**

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB557.6 million for the six months ended 30 June 2023, a 9.8% decrease from RMB617.9 million for the six months ended 30 June 2022, which was primarily due to the decrease in sales personnel incentive expenses and the amortization of intangible assets resulting from acquisition, partially offset by incremental investment in precise marketing to attract new users and reinforce our brand recognition. The share-based compensation expenses were RMB5.6 million (2022: RMB5.4 million), and the amortization of intangible assets resulting from acquisition was RMB0.7 million (2022: RMB15.7 million). Our sales and marketing expenses as a percentage of revenue increase from 45.0% for the six months ended 30 June 2022 to 51.0% for the six months ended 30 June 2023.

### **General and Administrative Expenses**

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB157.7 million for the six months ended 30 June 2023, a 4.7% decrease from RMB165.5 million for the six months ended 30 June 2022, which was primarily due to (1) the decrease in expected credit losses as a result of better control which led to higher recoverability of trade receivables and (2) the decrease in general and administrative personnel costs. The share-based compensation expenses was RMB11.9 million (2022: RMB18.2 million). Our general and administrative expenses as a percentage of revenue increase from 12.1% for the six months ended 30 June 2022 to 14.4% for the six months ended 30 June 2023.

### **Research and Development Expenses**

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB169.4 million for the six months ended 30 June 2023, an 8.0% decrease from RMB184.2 million for the six months ended 30 June 2022, which was primarily due to the decrease in the R&D personnel costs. Among which, the share-based compensation expenses decreased from RMB14.7 million for the six months ended 30 June 2022 to RMB7.2 million for the six months ended 30 June 2023. As a percentage of revenue, our R&D expenses increase from 13.4% for the six months ended 30 June 2022 to 15.5% for the six months ended 30 June 2023.

### Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income increase by 20% from RMB62.8 million for the six months ended 30 June 2022 to RMB75.4 million for the six months ended 30 June 2023, primarily as a result of the increase of interest income from bank deposits due to optimizing investment in financial products.

### Profit from Operations

As a result of the foregoing, our profit from operations was RMB12.7 million for the six months ended 30 June 2023, compared to RMB179.9 million for the six months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decrease in revenue.

### Net Finance Income

Net finance income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance income was RMB6.2 million for the six months ended 30 June 2023, compared to RMB12.2 million for the six months ended 30 June 2022, primarily as a result of the decrease in foreign currency exchange gain due to the decline in USD deposits.

### Profit before Taxation

As a result of the foregoing, profit before taxation was RMB19.3 million for the six months ended 30 June 2023, compared to RMB192.5 million for the six months ended 30 June 2022.

### Income Tax

Income tax was RMB6.4 million for the six months ended 30 June 2023, compared to RMB8.1 million for the six months ended 30 June 2022.

### Profit for the Period

As a result of the aforementioned factors, profit for the period was RMB12.9 million for the six months ended 30 June 2023, compared to RMB184.4 million for the six months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decrease in revenue.

Three Months Ended 30 June 2023 Compared to Three Months Ended 30 June 2022

	<b>Three months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	<b>589,801</b>	722,981
Cost of revenue	<b>(150,484)</b>	(158,018)
<b>Gross profit</b>	<b>439,317</b>	564,963
Other income	<b>46,487</b>	39,743
Sales and marketing expenses	<b>(279,541)</b>	(268,394)
General and administrative expenses	<b>(76,012)</b>	(89,600)
Research and development expenses	<b>(80,881)</b>	(94,284)
<b>Profit from operations</b>	<b>49,370</b>	152,428
Net finance income	<b>13,388</b>	16,008
Share of results of associates	<b>46</b>	376
<b>Profit before taxation</b>	<b>62,804</b>	168,812
Income tax	<b>(1,663)</b>	2,405
<b>Profit for the period</b>	<b>61,141</b>	171,217
<b>Attributable to:</b>		
— Equity shareholders of the Company	<b>50,683</b>	145,892
— Non-controlling interests	<b>10,458</b>	25,325
<b>Profit for the period</b>	<b>61,141</b>	171,217
<b>Non-GAAP Profit from Operations</b>	<b>62,925</b>	186,644

## MANAGEMENT DISCUSSION AND ANALYSIS

### Revenue

Our revenue was RMB589.8 million for the three months ended 30 June 2023, an 18.4% decrease from RMB723.0 million for the three months ended 30 June 2022. Revenue from talent acquisition and other HR services to our business customers, accounting for 89.2% of our revenue, was RMB526.2 million for the three months ended 30 June 2023, a 19.2% decrease from RMB651.2 million for the three months ended 30 June 2022, primarily due to the drag from decreasing cash billings during the previous year and enterprises' hesitation in reopening job positions in the first half of this year.

Revenue from talent development services to individual users, accounting for 10.7% of our revenue, was RMB63.2 million for the three months ended 30 June 2023, a 11.4% decrease from RMB71.3 million for the three months ended 30 June 2022, primarily due to the yet-to-be-recovered consumption willingness.

Revenue from rental income from investment properties was RMB0.4 million for the three months ended 30 June 2023, and RMB0.4 million for the three months ended 30 June 2022.

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

	For the three months ended 30 June			
	2023		2022	
	RMB'000	%	RMB'000	%
	(unaudited)		(unaudited)	
Talent acquisition and other HR services to business users	526,198	89.2	651,225	90.0
Talent development services to individual users	63,171	10.7	71,323	9.9
Rental income from investment properties	432	0.1	433	0.1
<b>Total</b>	<b>589,801</b>	<b>100</b>	<b>722,981</b>	<b>100</b>

### Cost of Revenue

Our cost of revenue primarily comprises service and project expenses, salaries and benefits for our talent service personnel, and IT infrastructure and maintenance costs. Our cost of revenue was RMB150.5 million for the three months ended 30 June 2023, a 4.8% decrease from RMB158.0 million for the three months ended 30 June 2022. The amortization of intangible assets resulting from acquisition was RMB4.3 million in 2023 (2022: RMB4.3 million).

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the Company's gross profit was RMB439.3 million for the three months ended 30 June 2023, a 22.2% decrease from RMB565.0 million for the three months ended 30 June 2022. Gross profit margin decreased to 74.5% for the three months ended 30 June 2023 from 78.1% for the three months ended 30 June 2022 due to mix shift toward more service-intensive products.

### Sales and Marketing Expenses

Our sales and marketing expenses primarily comprise salaries and benefits (including share-based compensation expenses) for sales, sales support and marketing personnel, advertising and promotion expenses and other expenses associated with our sales and marketing activities. Our sales and marketing expenses were RMB279.5 million for the three months ended 30 June 2023, a 4.2% increase from RMB268.4 million for the three months ended 30 June 2022, due to incremental investment in precise marketing to attract new users and reinforce our brand recognition in the second quarter of 2023. The share-based compensation expenses were RMB3.0 million (2022: RMB3.6 million), and the amortization of intangible assets resulting from acquisition was RMB0.3 million (2022: RMB7.9 million). Our sales and marketing expenses as a percentage of revenue increase from 37.1% for the three months ended 30 June 2022 to 47.4% for the three months ended 30 June 2023.

### General and Administrative Expenses

Our general and administrative expenses primarily encompass salaries and benefits (including share-based compensation expenses) for our general and administrative personnel, office expenses (including rental expense) and other operating expenses which include expected credit losses of trade receivables. Our general and administrative expenses were RMB76.0 million for the three months ended 30 June 2023, a 15.2% decrease from RMB89.6 million for the three months ended 30 June 2022, which was primarily due to the decline in the share-based compensation expenses, and the decline in expected credit losses as a result of better control which led to higher recoverability of trade receivables. The share-based compensation expenses were RMB2.3 million in the three months ended 30 June 2023 as compared to RMB10.5 million in the three months ended 30 June 2022. Our general and administrative expenses as a percentage of revenue increased from 12.4% for the three months ended 30 June 2022 to 12.9% for the three months ended 30 June 2023.

### Research and Development Expenses

Our R&D expenses primarily comprise salaries and benefits (including share-based compensation expenses) for R&D personnel and other R&D related expenses, such as office rental and depreciation of equipment associated with R&D activities. Our R&D expenses were RMB80.9 million for the three months ended 30 June 2023, a 14.2% decrease from RMB94.3 million for the three months ended 30 June 2022, which was primarily due to the decrease in the R&D personnel costs. Among which, the share-based compensation expenses decreased from RMB8.0 million for the three months ended 30 June 2022 to RMB3.5 million for the three months ended 30 June 2023. As a percentage of revenue, our R&D expenses increased from 13.0% for the three months ended 30 June 2022 to 13.7% for the three months ended 30 June 2023.

### Other Income

Other income primarily comprises interest income from bank deposits and government grants. Our other income increased by 17.0% from RMB39.7 million for the three months ended 30 June 2022 to RMB46.5 million for the three months ended 30 June 2023, primarily as a result of the increase of interest income from bank deposits due to optimizing investment in financial products.

### **Profit from Operations**

As a result of the foregoing, our profit from operations was RMB49.4 million for the three months ended 30 June 2023, compared to RMB152.4 million for the three months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

### **Net Finance Income**

Net finance income primarily consists of interest expenses on bank loans and other borrowings, interest on lease liabilities rising from the adoption of IFRS 16, bank charges and foreign currency exchange gain due to fluctuation of USD against RMB. Our net finance income was RMB13.4 million for the three months ended 30 June 2023, a 16.4% decrease from RMB16.0 million for the three months ended 30 June 2022, primarily as a result of the decrease in foreign currency exchange gain due to the decline in USD deposits.

### **Profit before Taxation**

As a result of the foregoing, profit before taxation was RMB62.8 million for the three months ended 30 June 2023, compared to RMB168.8 million for the three months ended 30 June 2022.

### **Income Tax**

Income tax expenses was RMB1.7 million for the three months ended 30 June 2023, compared to an income tax credit of RMB2.4 million for the three months ended 30 June 2022.

### **Profit for the Period**

As a result of the aforementioned factors, profit for the period was RMB61.1 million for the three months ended 30 June 2023, compared to RMB171.2 million for the three months ended 30 June 2022, primarily attributable to the negative operating leverage caused by decline in revenue.

### Non-GAAP Financial Measures

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

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

	For the three months ended 30 June		For the six months ended 30 June	
	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000	2023 (unaudited) RMB'000	2022 (unaudited) RMB'000
Profit from Operations	49,370	152,428	12,730	179,871
Share-based compensation expenses	8,925	22,045	24,935	38,550
Amortization of intangible assets resulting from acquisition	4,630	12,171	9,260	24,341
Non-GAAP Profit from Operations	62,925	186,644	46,925	242,762

## LIQUIDITY AND FINANCIAL RESOURCES

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

We had cash and cash equivalents of RMB524.5 million and RMB406.5 million as of 30 June 2023 and 30 June 2022, respectively. Our cash and cash equivalents are held in RMB, HKD and USD. The following table sets forth our cash flows for the periods indicated:

	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	2022
	<b>(unaudited)</b>	(unaudited)
	<b>RMB'000</b>	RMB'000
Net cash used in operating activities	<b>(198,033)</b>	(27,068)
Net cash generated from investing activities	<b>456,663</b>	71,259
Net cash used in financing activities	<b>(212,639)</b>	(136,206)
Net increase/(decrease) in cash and cash equivalents	<b>45,991</b>	(92,015)
Effect of foreign exchange rate changes	<b>1,998</b>	2,727
Cash and cash equivalents at 1 January	<b>476,481</b>	495,778
Cash and cash equivalents at 30 June	<b>524,470</b>	406,490

### Net Cash Used in Operating Activities

For the six months ended 30 June 2023, net cash used in operating activities was RMB198.0 million, compared to RMB27.1 million for the six months ended 30 June 2022, primarily due to the decreased payment collection affected by macro-economic conditions.

### Net Cash Generated from Investing Activities

For the six months ended 30 June 2023, net cash generated from investing activities was RMB456.7 million, compared to RMB71.3 million for the six months ended 30 June 2022, primarily due to the net proceeds from wealth management products.

### Net Cash Used in Financing Activities

For the six months ended 30 June 2023, net cash used in financing activities was RMB212.6 million, mainly attributable to payment for shares held for the Company's restricted share unit scheme and the purchase of own shares compared to RMB136.2 million for the six months ended 30 June 2022.

## GEARING RATIO

The gearing ratio (calculated as total bank and other borrowings divided by total assets/ capital) of the Company as at 30 June 2023 was 1.73% (30 June 2022: 0.23%).

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

## INVENTORIES

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

## INDEBTEDNESS AND CHARGE ON ASSETS

As at 30 June 2023, the Company had eight short-term bank loans with total principal amount of RMB80.1 million with fixed interest rate from 2.45% to 5.50% p.a. which will be due within a year. Among them, RMB5.0 million secured by a third-party guarantee company, RMB4.8 million secured by deposits and RMB13.1 million secured by trade receivables.

Save as disclosed above, (i) the Company had no bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at 30 June 2023.

## CONTINGENT LIABILITIES

As of 30 June 2023, we did not have any material contingent liabilities.

## FOREIGN EXCHANGE RISK

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

For the six months ended 30 June 2023 and 2022, we had foreign currency exchange gain (both realized and unrealized) of RMB11.6 million and RMB17.0 million, respectively, recognized as net finance income in the consolidated statement of profit or loss and other comprehensive income. The foreign currency exchange gain for the six months ended 30 June 2023 was mainly attributable to the appreciation of USD against RMB.

### CREDIT RISK

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

Bank deposits are placed with reputable banks and financial institutions.

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

Our exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and hence significant concentrations of credit risk primarily arise when we have significant exposure to individual customers. We did not have significant concentration of debtors as of 30 June 2023.

### LIQUIDITY RISK

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

### SIGNIFICANT INVESTMENTS HELD

Except for investments in its subsidiaries, there was no significant investment held by the Group as at 30 June 2023.

### MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have any material acquisitions or disposal of subsidiaries or associated companies during the six months ended 30 June 2023.

## USE OF PROCEEDS FROM INITIAL PUBLIC OFFERING

The net proceeds from the initial public offering of the Company were approximately HKD2,804.6 million. HKD2,549.1 million out of the net proceeds have been utilized as of 30 June 2023 in the manner consistent with that disclosed in the Prospectus dated 19 June 2018 under the section headed “Future Plans and Use of Proceeds”.

During the six months ended 30 June 2023, the Group applied the net proceeds for the following purposes:

	Use of proceeds as stated in the Prospectus (in HKD'000) (approximate)	Net proceeds utilized as at 31 December 2022 (in HKD'000) (approximate)	Actual use of proceeds during the six months ended 30 June 2023 (in HKD'000) (approximate)	Net proceeds unutilized as at 30 June 2023 (in HKD'000) (approximate)	Expected time of use
40% for enhancement of R&D capabilities and product offerings	1,121,840	1,121,840	—	—	
25% for pursue of acquisitions of or investments in assets and business and support our growth strategies	701,150	438,527	7,161	255,462	To be gradually used in 2023 and 2024
25% for improvement and implementation our sales and marketing initiative to (i) expand our user and customer base and increase spending by our existing customers; and (ii) continued optimization of our online advertising and promotion activities	701,150	701,150	—	—	
10% for working capital and general corporate purposes	280,460	280,460	—	—	
	<u>2,804,600</u>	<u>2,541,977</u>	<u>7,161</u>	<u>255,462</u>	

For the unutilized net proceeds in the amount of approximately HKD255.5 million as at 30 June 2023, the Company intends to apply them in the same manner and proportion as stated in the Prospectus.

## FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this report, as of 30 June 2023, the Group did not have other plans for material investments and capital assets.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As far as the Company is aware, as at 30 June 2023, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as contained in Appendix 10 to the Listing Rules, were as follows:

### Long Positions in the Company's Shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Mr. Dai Kebin	Founder of a discretionary trust <sup>(1)</sup>	203,967,033	39.11
	Interest of spouse <sup>(2)</sup>	1,390,145	0.27
Mr. Chen Xingmao	Founder of a discretionary trust <sup>(3)</sup>	14,398,226	2.76

Notes:

(1) Mr. Dai Kebin is the settlor of a discretionary trust, The Dai Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Mr. Dai Kebin and certain of his family members. May Flower Information Technology Co., Limited (“May Flower”) is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 203,967,033 shares in the Company (equivalent to approximately 39.11% of the total issued share capital of the Company as at 30 June 2023) which May Flower is interested. May Flower holds 111,776,199 shares in the Company beneficially (equivalent to approximately 21.43% of the total issued share capital of the Company as at 30 June 2023) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 92,190,834 shares (equivalent to approximately 17.68% of the total issued share capital of the Company as at 30 June 2023) in the Company:

- (i) 25,442,731 shares of the Company held by Tenzing Holdings 2011 Ltd.;
- (ii) 11,245,748 shares of the Company held by Wisest Holding Co., Limited;
- (iii) 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited;
- (iv) 36,798,774 shares of the Company held by Yiheng Capital, LLC and/or its affiliates; and
- (v) 4,605,355 shares of the Company held by Sanqi Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd.

(2) Ms. Song Yueting is the spouse of Mr. Dai Kebin. Ms. Song Yueting is interested in 1,390,145 shares in the Company in a capacity of a founder of a discretionary trust.

(3) Mr. Chen Xingmao is the settlor of a discretionary trust, The Xiaoying Trust, of which Vistra Trust (Singapore) Pte. Limited acts as its trustee and the beneficiaries of which are Mr. Chen Xingmao and certain of his family members. Xiaoying Information Technology Co., Limited is wholly-owned by Rewarding Boost Limited, which is in turn wholly-owned by Vistra Trust (Singapore) Pte. Limited as the trustee of The Xiaoying Trust. Mr. Chen Xingmao (as settlor of The Xiaoying Trust), Vistra Trust (Singapore) Pte. Limited and Rewarding Boost Limited are deemed to be interested in 14,398,226 shares in the Company held by Xiaoying Information Technology Co., Limited.

## Long Positions in Shares of Associated Corporations of the Company

Name of Director	Nature of Interest	Name of associated corporation	Number of securities held	Approximate percentage of shareholding interest of the associated corporation (%)
Mr. Dai Kebin	Beneficial owner	Wisest (Beijing) Management Consulting Co., Ltd.	7,073,760	17.80
	Other <sup>(1)</sup>	Wisest (Beijing) Management Consulting Co., Ltd.	3,902,580	9.82
	Beneficial owner	May Flower Information Technology Co., Limited	1	100.00
Mr. Chen Xingmao	Beneficial owner	Wisest (Beijing) Management Consulting Co., Ltd.	947,460	2.38

*Note:*

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

Save as disclosed above, as at 30 June 2023, none of our Directors or chief executives had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to notify to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which were required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO; or which were required, pursuant to the Model Code as contained in Appendix 10 to the Listing Rules, to notify to the Company and the Hong Kong Stock Exchange.

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

As at 30 June 2023, to the best of the knowledge of the Company and the Directors, the followings are the persons, other than the Directors or chief executives of the Company, who had interests or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

### Interests in the Shares and Underlying Shares of the Company

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Ms. Song Yueting	Founder of a discretionary trust <sup>(1)</sup>	1,390,145 (long position)	0.27
	Interest of spouse <sup>(2)</sup>	203,967,033 (long position)	39.11
May Flower Information Technology Co., Limited <sup>(3)</sup>	Beneficial owner	203,967,033 (long position)	39.11
Yiheng Capital, LLC	Beneficial owner	42,165,499 (long position)	8.08
FIL Limited <sup>(4)</sup>	Interest of controlled corporation	38,780,493 (long position)	7.44
Pandanus Associates Inc. <sup>(4)</sup>	Interest of controlled corporation	38,780,493 (long position)	7.44
Pandanus Partners L.P. <sup>(4)</sup>	Interest of controlled corporation	38,780,493 (long position)	7.44
Tricor Trust (Hong Kong) Limited <sup>(5)</sup>	Trustee	37,189,164 (long position)	7.13
Futureshare Limited <sup>(5)</sup>	Beneficial owner	37,189,164 (long position)	7.13

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding Interest (%)
Giant Lilly Investment Ltd <sup>(6)</sup>	Beneficial owner	29,611,200 (long position)	5.68
Warburg Pincus Private Equity XI, L.P. <sup>(6)</sup>	Interest of controlled corporation	29,611,200 (long position)	5.68
Warburg Pincus XI, L.P. <sup>(6)</sup>	Interest of controlled corporation	29,611,200 (long position)	5.68
WP Global LLC <sup>(6)</sup>	Interest of controlled corporation	29,611,200 (long position)	5.68
Warburg Pincus Partners II, L.P. <sup>(6)</sup>	Interest of controlled corporation	29,611,200 (long position)	5.68
Warburg Pincus Partners GP LLC <sup>(6)</sup>	Interest of controlled corporation	29,611,200 (long position)	5.68
Warburg Pincus & Co. <sup>(6)</sup>	Interest of controlled corporation	29,611,200 (long position)	5.68

*Notes:*

- (1) Ms. Song Yueting is the settlor of a discretionary trust, The Song Family Trust, of which SMP Trustees (Hong Kong) Limited acts as its trustee and the beneficiaries of which are Ms. Song Yueting and certain of her family members. All Connected Information Technology Co., Limited ("**All Connected**") is wholly-owned by Hero Dreams Group Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Song Family Trust. Ms. Song Yueting (as settlor of The Song Family Trust), SMP Trustees (Hong Kong) Limited and Hero Dreams Group Limited are deemed to be interested in 1,390,145 shares in the Company held by All Connected.
- (2) Mr. Dai Kebin is the spouse of Ms. Song Yueting. Mr. Dai Kebin is interested in 203,967,033 shares in the Company in capacity of a founder of a discretionary trust and through interests in controlled corporation. For details of Mr. Dai Kebin's interest in the shares of the Company, please refer to notes (1) and (2) on page 28 of this report.
- (3) May Flower is wholly-owned by Pioneer Choice Global Limited, which is in turn wholly-owned by SMP Trustees (Hong Kong) Limited, as the trustee of The Dai Family Trust. Mr. Dai Kebin (as settlor of The Dai Family Trust), SMP Trustees (Hong Kong) Limited and Pioneer Choice Global Limited are deemed to be interested in 203,967,033 shares in the Company which May Flower is interested. May Flower beneficially holds 111,776,199 shares in the Company (equivalent to approximately 21.43% of the total issued share capital of the Company as at 30 June 2023) and it was granted the following voting proxies over the ordinary shares of the Company, which in aggregate amount to 92,190,834 shares out of the 203,967,033 shares (equivalent to approximately 17.68% of the total issued share capital of the Company as at 30 June 2023) in the Company:
  - (i) 25,442,731 shares of the Company held by Tenzing Holdings 2011 Ltd.;
  - (ii) 11,245,748 shares of the Company held by Wisest Holding Co., Limited;

## CORPORATE GOVERNANCE AND OTHER INFORMATION

- (iii) 14,098,226 shares of the Company held by Xiaoying Information Technology Co., Limited;
  - (iv) 36,798,774 shares of the Company held by Yiheng Capital, LLC and/or its affiliates; and
  - (v) 4,605,355 shares of the Company held by Sanqi Tiancai (Tianjin) Enterprise Management Consulting Co., Ltd.
- (4) Pandanus Associates Inc. is a general partner of Pandanus Partners L.P., who owns or controls one-third or more of voting rights in FIL Limited.
- (5) Futureshare Limited is wholly-owned by Tricor Trust (Hong Kong) Limited, as the trustee of Futureshare Partner Trust.
- (6) The entire interest of Giant Lilly Investment Ltd. is held as to 60.47% by Warburg Pincus Private Equity XI, L.P., 22.06% by Warburg Pincus XI (Asia), L.P., 11.20% by Warburg Pincus Private Equity XI-B, L.P. and 6.27% by other minority shareholders. The general partner of Warburg Pincus Private Equity XI, L.P. is Warburg Pincus XI, L.P., the general partner of which is WP Global LLC. The managing member of WP Global LLC is Warburg Pincus Partners II, L.P., the general partner of which is Warburg Pincus Partners GP LLC, and the managing member of which is Warburg Pincus & Co..

Save as disclosed above, as at 30 June 2023, the Directors and the chief executives of the Company were not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

### STAFF AND REMUNERATION POLICY

As at 30 June 2023, we had 5,246 employees (as at 30 June 2022: 5,238 employees). We adopt a merit-based compensation system for our sales team, which incentivizes our sales team to deliver superior performances. The compensation for our sales personnel includes salaries and merit-based incentives that are based on a set of performance indicators, such as total revenue generated and number of unique customer accounts acquired and retained, to provide incentives for our sales team to deliver excellent performance. We provide regular in-house and external education and training to our sales team to improve their sales skills, industry knowledge and understanding of our products and services. Our Group's remuneration policies are reviewed regularly.

## SHARE OPTION SCHEMES

### Pre-IPO Share Option Scheme

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

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

The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Pre-IPO Share Option Scheme at any time shall not exceed 42,865,895 shares, which represents approximately 8.22% of the total issued share capital of the Company as at 30 June 2023. The exercise price in respect of any option shall be such amount as may be determined by the Board from time to time and set out in the notice of offer. The options which have been granted shall be vested in accordance with the periods as may be determined by the Board and as set out in the notice of offer.

As at the date of 30 June 2023 options to subscribe for 2,792,485 shares of the Company, representing approximately 0.54% of the total issued share capital of the Company, were outstanding and 29,551,310 options granted under the Pre-IPO Share Option Scheme have been exercised. No further options will be granted under the Pre-IPO Share Option Scheme after the Listing Date.

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

Details of movements in the options granted under the Pre-IPO Share Option Scheme during the six months ended 30 June 2023 are as follows:

Category of Participant	Date of grant	Number of Share Options					outstanding as of 30 June 2023	Exercise period of share options	Exercise price of share options	Weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised
		outstanding as of 1 January 2023	granted during the Reporting Period	exercised during the Reporting Period	lapsed during the Reporting Period	cancelled during Reporting Period				
<b>Employees of the Group</b>										
In Aggregate	January 2012 to June 2018	3,142,085	—	331,600	18,000	—	2,792,485	June 2018 to June 2028	USD0.0268 to USD2.50	HKD11.32
<b>Total</b>		<b>3,142,085</b>	<b>—</b>	<b>331,600</b>	<b>18,000</b>	<b>—</b>	<b>2,792,485</b>			

### Post-IPO Share Option Scheme

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

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

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

The maximum number of shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme is 49,555,946 (being no more than 10% of the shares in issue on the Listing Date (the “**Option Scheme Mandate Limit**”)), which represented approximately 9.50% of the issued shares of the Company as at the date of this report, (excluding any share which may be issued pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme). Options which have been lapsed in accordance with the terms of the rules of the Post-IPO Share Option Scheme (or any other share option scheme of the Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit. The Post-IPO Share Option Scheme has no service provider sublimit under Chapter 17 of the Listing Rules.

The total number of shares that remain available for issue under the Post-IPO Share Option Scheme was 48,825,946 shares as at the date of this report, which represented approximately 9.36% of the issued shares of the Company. As at 1 January 2023 and 30 June 2023, the number of options available for grant under the Option Scheme Mandate Limit is 35,505,946 and 36,705,946 shares respectively, which represented approximately 6.77% and 7.04% of the total issued share capital of the Company as at 1 January 2023 and 30 June 2023. As at 30 June 2023, options to subscribe for 12,120,000 shares of the Company, representing 2.32% of the total issued share capital of the Company, were outstanding and 730,000 options granted under the Post-IPO Share Option Scheme have been exercised during the Reporting Period.

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

Details of movements in the options granted under Post-IPO Share Option Scheme during the six months ended 30 June 2023 are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the share options were granted	Number of Share Options					outstanding as of 30 June 2023	Vesting period	Exercise period	Exercise price	Performance targets	Fair value of share options at the date of grant
			outstanding as of 1 January 2023	granted during the Reporting Period	exercised during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period						
<b>Employees of the Group</b>													
In Aggregate	6 September 2019	HKD18.52	1,350,000	—	—	200,000	—	1,150,000	4 years	6 September 2020 to 5 September 2029	HKD18.30	Notes 1 and 2	HKD7.69
	20 November 2019	HKD19.22	800,000	—	—	100,000	—	700,000	4 years	20 November 2020 to 19 November 2029	HKD18.22	Notes 1 and 2	HKD7.63
	31 March 2020	HKD15.34	350,000	—	—	150,000	—	200,000	4 years	31 March 2021 to 30 March 2030	HKD15.50	Notes 1 and 2	HKD7.45
	3 July 2020	HKD16.88	500,000	—	—	—	—	500,000	4 years	3 July 2021 to 2 July 2030	HKD18.10	Notes 1 and 2	HKD8.42
	17 July 2020	HKD16.10	1,400,000	—	—	—	—	1,400,000	4 years	17 July 2021 to 16 July 2030	HKD16.55	Notes 1 and 2	HKD7.97
	23 March 2021	HKD20.00	1,100,000	—	—	400,000	—	700,000	4 years	23 March 2022 to 22 March 2031	HKD19.94	Notes 1 and 2	HKD9.65
	12 October 2021	HKD12.00	7,800,000	—	730,000 <sup>Note 7</sup>	450,000	—	6,620,000	4 years	12 October 2022 to 11 October 2031	HKD11.46	Notes 1 and 2	HKD5.36
	10 January 2022	HKD16.82	500,000	—	—	—	—	500,000	4 years	10 January 2023 to 9 January 2032	HKD17.78	Note 3	HKD8.23
	4 July 2022	HKD9.88	200,000	—	—	—	—	200,000	4 years	4 July 2023 to 3 July 2032	HKD9.97	Note 3	HKD4.64
	13 October 2022	HKD7.43	50,000	—	—	—	—	50,000	4 years	13 October 2023 to 12 October 2032	HKD7.50	Note 3	HKD3.36
	29 May 2023	HKD8.64	—	100,000	—	—	—	100,000	4 years	29 May 2024 to 28 May 2033	HKD8.78	Note 3	HKD3.96
<b>Total</b>			<b>14,050,000</b>	<b>100,000</b>	<b>730,000</b>	<b>1,300,000</b>	<b>—</b>	<b>12,120,000</b>					

### Notes:

- The share options granted are subject to the individual performance review as set out in the respective grant documents.
- The share options granted are subject to certain milestones or performance targets relating to the Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

3. The share options granted are not subject to specific performance targets.
4. The fair value of share options at the respective date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements determined based on the market price of the Company's shares at the respective grant date. Please refer to note 14 to the Consolidated Financial Statements on page 59 for details of basis of the fair value of share options at the date of grant.
5. Save as disclosed otherwise above, there is no option granted under the Post-IPO Share Option Scheme to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at 1 January 2023.
6. No participant has been granted with options in excess of the 1% individual limit.
7. The weighted average closing price of the shares immediately before the dates on which the options were exercised during the six months ended 30 June 2023 was HKD13.03 per share.

Details of movements in the options granted under Post-IPO Share Option Scheme during the year ended 31 December 2022 are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the share options were granted	Number of Share Options					outstanding as of 31, 2022	Vesting period	Exercise period	Exercise price	Performance targets	Fair value of share options at the date of grant
			outstanding as of January 1, 2022	granted during the Reporting Period	exercised during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period						
<b>Employees of the Group</b>													
In Aggregate	6 September 2019	HKD18.52	1,850,000	—	—	500,000	—	1,350,000	4 years	6 September 2020 to 5 September 2029	HKD18.30	Notes 1 and 2	HKD7.69
	20 November 2019	HKD19.22	850,000	—	—	50,000	—	800,000	4 years	20 November 2020 to 19 November 2029	HKD18.22	Notes 1 and 2	HKD7.63
	31 March 2020	HKD15.34	350,000	—	—	—	—	350,000	4 years	31 March 2021 to 30 March 2030	HKD15.50	Notes 1 and 2	HKD7.45
	3 July 2020	HKD16.88	500,000	—	—	—	—	500,000	4 years	3 July 2021 to 2 July 2030	HKD18.10	Notes 1 and 2	HKD8.42
	17 July 2020	HKD16.10	1,600,000	—	—	200,000	—	1,400,000	4 years	17 July 2021 to 16 July 2030	HKD16.55	Notes 1 and 2	HKD7.97
	23 March 2021	HKD20.00	1,100,000	—	—	—	—	1,100,000	4 years	23 March 2022 to 22 March 2031	HKD19.94	Notes 1 and 2	HKD9.65
	12 October 2021	HKD12.00	8,000,000	—	—	200,000	—	7,800,000	4 years	12 October 2022 to 11 October 2031	HKD11.46	Notes 1 and 2	HKD5.36
	10 January 2022	HKD16.82	—	600,000	—	100,000	—	500,000	4 years	10 January 2023 to 9 January 2032	HKD17.78	Notes 3	HKD8.23
	1 April 2022	HKD17.66	—	400,000	—	400,000	—	—	4 years	1 April 2023 to 31 March 2032	HKD17.61	Notes 3	HKD8.01
	4 July 2022	HKD9.88	—	200,000	—	—	—	200,000	4 years	4 July 2023 to 3 July 2032	HKD9.97	Notes 3	HKD4.64
	13 October 2022	HKD7.43	—	50,000	—	—	—	50,000	4 years	13 October 2023 to 12 October 2032	HKD7.50	Notes 3	HKD3.36
<b>Total</b>			<b>14,250,000</b>	<b>1,250,000</b>	<b>—</b>	<b>1,450,000</b>	<b>—</b>	<b>14,050,000</b>					

### Notes:

1. The share options granted are subject to the individual performance review as set out in the respective grant documents.
2. The share options granted are subject to certain milestones or performance targets relating to the Group.
3. The share options granted are not subject to specific performance targets.
4. The fair value of share options at the respective date of grant was calculated in accordance with the accounting standards and policies adopted for preparing its financial statements determined based on the market price of the Company's shares at the respective grant date. Please refer to note 26 to the Consolidated Financial Statements on page 151 of the 2022 annual report of the Company for details of basis of the fair value of share options at the date of grant.
5. Save as disclosed otherwise above, there is no option granted under the Post-IPO Share Option Scheme to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at 1 January 2022.
6. No participant has been granted with options in excess of the 1% individual limit.

### RESTRICTED SHARE UNIT SCHEME

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

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

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

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

The number of RSUs available for grant under the RSU Scheme as of 1 January 2023 and 30 June 2023 was 28,055,742 and 27,480,209, representing approximately 5.35% and approximately 5.27% of the total number of shares in issue as of 1 January 2023 and 30 June 2023, respectively. As at the date of this report, 27,480,209 shares underlying the RSUs are available for issue under the RSU Scheme, representing approximately 5.27% of the total number of shares in issue as at the date of this report.

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

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

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

Details of movements in the RSUs granted under the RSU Scheme during the six months ended 30 June 2023 are as follows:

Name of Participant or Category of Participant	Date of grant	Closing price of shares immediately before the date on which the RSUs were granted	Number of shares underlying RSUs						Vesting period	Performance targets	Fair value of RSUs at the date of grant
			outstanding as of January 1, 2023	granted during the Reporting Period (Note 3)	vested during the Reporting Period	lapsed during the Reporting Period	cancelled during the Reporting Period (Note 4)	outstanding as of June 30, 2023			
<b>Directors, chief executives and their respective associates</b> (Note 7)											
Dai Kebin	29 January 2023	HKD11.02	—	500,000	500,000	—	—	—	less than 1 year	Note 3	HKD11.02
Chen Xingmao	29 January 2023	HKD11.02	—	300,000	300,000	—	—	—	less than 1 year	Note 3	HKD11.02
Song Yueing	29 January 2023	HKD11.02	—	278,000	278,000	—	—	—	less than 1 year	Note 3	HKD11.02
<b>Other employee participants</b>											
In Aggregate	25 January 2019	HKD24.30	9,623	—	8,419	1,204	—	—	4 years	Notes 1 and 2	HKD25.05
	4 April 2019	HKD19.96	138,086	—	123,148	9,313	—	5,625	4 years	Notes 1 and 2	HKD19.74
	17 July 2019	HKD20.15	37,500	—	—	—	—	37,500	4 years	Notes 1 and 2	HKD20.40
	1 October 2019	HKD18.54	407,500	—	—	71,250	—	336,250	4 years	Notes 1 and 2	HKD18.46
	1 January 2020	HKD15.30	225,000	—	112,500	—	—	112,500	4 years	Notes 1 and 2	HKD15.34
	13 January 2020	HKD14.26	90,000	—	42,500	7,500	—	40,000	4 years	Notes 1 and 2	HKD15.36
	1 July 2020	HKD17.18	90,000	—	—	—	—	90,000	4 years	Notes 1 and 2	HKD16.88
	9 October 2020	HKD19.52	88,750	—	—	12,500	—	76,250	4 years	Notes 1 and 2	HKD19.50
	12 October 2020	HKD19.50	200,000	—	—	200,000	—	—	4 years	Notes 1 and 2	HKD19.56
	29 January 2021	HKD19.36	476,250	—	158,750	12,500	—	305,000	4 years	Notes 1 and 2	HKD18.98
	30 April 2021	HKD25.85	1,691,250	—	551,250	37,500	—	1,102,500	4 years	Notes 1 and 2	HKD26.05
	31 July 2021	HKD14.36	93,750	—	—	22,500	—	71,250	4 years	Note 3	HKD14.36
	31 October 2021	HKD11.24	90,000	—	—	22,500	—	67,500	4 years	Note 3	HKD11.24
	10 January 2022	HKD16.82	556,000	—	143,000	—	—	413,000	4 years or 2 years	(i) Note 1, (ii) Notes 1 and 2, or (iii) Note 3	HKD17.78
	30 April 2022	HKD14.54	700,000	—	182,500	22,500	—	495,000	4 years or 1 year	(i) Notes 1 and 2, or (ii) Note 3	HKD14.54
	15 July 2022	HKD9.75	150,000	—	—	10,000	—	140,000	4 years	(i) Notes 1 and 2, or (ii) Note 3	HKD9.64
	31 October 2022	HKD6.73	160,000	—	—	30,000	—	130,000	4 years	Note 3	HKD6.84
	29 January 2023	HKD11.02	—	290,000	—	60,000	—	230,000	4 years	Note 3	HKD11.02
	28 February 2023	HKD12.82	—	575,800	—	15,000	—	560,800	4 years	Notes 1 and 2	HKD12.98
	21 April 2023	HKD10.30	—	366,000	—	—	—	366,000	4 years or 2 years	(i) Notes 1 and 2, or (ii) Note 3	HKD10.16
<b>Total</b>			<b>5,203,709</b>	<b>2,309,800</b>	<b>2,400,067</b>	<b>534,267</b>	<b>—</b>	<b>4,579,175</b>			

**Notes:**

- The vesting of the RSUs granted are subject to the individual performance review as set out in the respective grant documents.
- The vesting of the RSUs granted are subject to certain milestones or performance targets relating to the Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

3. The RSUs granted are not subject to specific performance targets.
4. The RSUs granted during the Reporting Period had no purchase price. Each of the RSUs were granted for nil consideration.
5. The weighted average closing price of the shares immediately before the dates on which the RSUs were vested during the six months ended 30 June 2023 was HKD10.76 per share.
6. Since the purchase price is nil, the fair value of RSUs as at the respective date of grant equals to the closing price per ordinary share of the Company on the respective date of grant. For more details of the accounting standard and policy adopted for determining the fair value of the RSUs granted, please refer to note 2(s)(ii) to the consolidated financial statements on page 118 of the 2022 annual report of the Company.
7. Mr. Dai Kebin and Mr. Chen Xingmao are executive Directors. Ms. Song Yueting is the spouse of Mr. Dai Kebin and hence is an associate thereof.
8. Saved as disclosed otherwise above, there is no RSU granted under the RSU Scheme to (a) any director, chief executive or substantial shareholder of the Company, or their respective associates; or (b) related entity participant or service provider, before the Reporting Period and still being outstanding as at 1 January 2023.
9. No participant has been granted with RSUs in excess of the 1% individual limit.

During the Reporting Period, saved as disclosed above, none of the grantees under the RSU Scheme is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company, or an associate (as defined under the Listing Rules) of any of them, and no grant was made under the RSU Scheme which requires review by the Remuneration Committee for the six months ended 30 June 2023.

The total number of shares that may be issued in respect of options and RSUs granted under all schemes of the Company during the six months ended 30 June 2023 divided by the weighted average number of shares of the Company for the six months ended 30 June 2023 is 0.02%.

### RESTRICTED SHARE SCHEME (2023)

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

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

#### Purposes

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

### **Scheme limit**

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

As at the date of this report, no share award has been granted under the Restricted Share Scheme (2023).

### **Eligible participants**

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

### **Duration and termination**

Unless terminated earlier by the Board pursuant to the rules of the Restricted Share Scheme (2023), the Restricted Share Scheme (2023) shall be valid and effective for a term of 10 years commencing on the date on which the Restricted Share Scheme (2023) is adopted by the Company.

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

### **Operation**

#### **Grant**

The Board or the person(s) from time to time delegated by the Board with the power and authority to administer the Restricted Share Scheme (2023) (the “**Committee**”) may, from time to time, subject to the provisions of the Restricted Share Scheme (2023), select any eligible participants (other than any excluded participant) for participation in the Restricted Share Scheme (2023) as a selected participant, and grant such number of restricted shares to any selected participants at nil consideration and in such number and on and subject to such terms and conditions as it may in its absolute discretion determine.

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

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

### **Vesting**

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

### **Lapse**

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

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

### **Alteration of the Restricted Share Scheme (2023)**

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

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

During the six months ended 30 June 2023, the Company repurchased a total of 8,500,600 shares of the Company on the Stock Exchange for an aggregate consideration of approximately HKD82.8 million before expenses. Particulars of the shares repurchased are as follows:

Month of Repurchase	No. of Shares Aggregate Repurchased	Price Paid per Share		Aggregate Consideration (HKD)
		Highest (HKD)	Lowest (HKD)	
April 2023	4,292,400	11.18	9.80	44,542,788
May 2023	522,000	8.79	8.31	4,448,276
June 2023	3,686,200	9.58	8.42	33,798,226
<b>Total</b>	<b>8,500,600</b>			<b>82,789,290</b>

Subsequent to the Reporting Period, in July 2023 the Company repurchased a total of 1,883,800 shares of the Company on the Stock Exchange for an aggregate consideration of approximately HKD15.5 million before expenses. The highest price paid per share and the lowest price paid per share was HKD9.23 and HKD7.41, respectively.

Save as disclosed above, during the six months ended 30 June 2023 and up to the date of this report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

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

### Passing Away of A Director

Mr. Choi Onward, who was an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee, passed away on 12 June 2023. The Board thanks for his invaluable contribution to the Company in the past.

Following the passing away of Mr. Choi Onward, the Board comprised five Directors, including two executive Directors, one non-executive Director and two independent non-executive Directors. The Company did not meet (i) the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules; (ii) the minimum number of members in the Audit Committee required under Rule 3.21 of the Listing Rules; and (iii) the requirement of at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, there is no change in the information of the Directors of the Company as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules as at 30 June 2023.

### Appointment of An Independent Non-executive Director

After the Reporting Period, Ms. Fan Xinpeng has been appointed as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Remuneration Committee, with effect from 12 September 2023. Following the appointment of Ms. Fan as an independent non-executive Director, the chairperson of the Audit Committee and a member of the Remuneration Committee, the Company has complied with the requirements under Rules 3.10(1), 3.10(2), 3.11, 3.21 and 3.23 of the Listing Rules. For details, please refer to the announcement made by the Company on 12 September 2023.

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 of the Listing Rules as the basis of the Company’s corporate governance practices and has complied with the code provisions as set out in the CG Code during the six months ended 30 June 2023 except for the following deviation from the Code Provision C.2.1 of the CG Code.

We do not have a separate chairman and chief executive officer and Mr. Dai Kebin currently performs these two roles. While this constitutes a deviation from the Code Provision C.2.1 of the CG Code, our Board believes that this structure will not impair the balance of power and authority between our Board and the management of our Company, given that: (i) decision to be made by our Board requires approval by at least a majority of our Directors and that our Board comprises three independent non-executive Directors out of six Directors (Ms. Fan Xinpeng has served as an independent non-executive Director since 12 September 2023), and we believe there is sufficient check and balance in our Board; (ii) Mr. Dai Kebin and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of our Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial and operational policies of our Group are made collectively after thorough discussion at both our Board and senior management levels. Finally, as Mr. Dai Kebin is our principal founder, our Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within our Group and enables more effective and efficient overall strategic planning for and communication within our Group. Our Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2023.

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

## AUDIT COMMITTEE

Ms. Fan Xinpeng was appointed as the chairperson of the Audit Committee with effect from 12 September 2023. Since then, the Audit Committee had three members (all are independent non-executive Directors), being, Ms. Fan Xinpeng, Mr. Ye Yaming and Mr. Zhang Ximeng, with terms of reference in compliance with the Listing Rules.

The Audit Committee (not including Ms. Fan Xinpeng who has been appointed after the Reporting Period) has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and risk management systems and financial reporting with the management, including the review of the unaudited consolidated interim financial results of the Group for the six months ended 30 June 2023, and considered that the unaudited consolidated interim financial results for the six months ended 30 June 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

## EVENTS AFTER THE END OF THE REPORTING PERIOD

After the Reporting Period and up to the date of this report, there are no other significant events occurred that may affect the Group.

## INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 to the shareholders of the Company.

By Order of the Board  
**Tongdao Liepin Group**  
**Dai Kebin**  
*Chairman*

The PRC, 25 August 2023

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Revenue</b>	3	<b>1,092,965</b>	1,371,630
Cost of revenue		<b>(270,946)</b>	(287,016)
<b>Gross profit</b>		<b>822,019</b>	1,084,614
Other income	4	<b>75,350</b>	62,784
Sales and marketing expenses		<b>(557,552)</b>	(617,886)
General and administrative expenses		<b>(157,676)</b>	(165,457)
Research and development expenses		<b>(169,411)</b>	(184,184)
<b>Profit from operations</b>		<b>12,730</b>	179,871
Net finance income	5	<b>6,241</b>	12,191
Share of results of associates		<b>295</b>	445
<b>Profit before taxation</b>	5	<b>19,266</b>	192,507
Income tax	6	<b>(6,394)</b>	(8,115)
<b>Profit for the period</b>		<b>12,872</b>	184,392
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>8,300</b>	142,172
Non-controlling interests		<b>4,572</b>	42,220
<b>Profit for the period</b>		<b>12,872</b>	184,392
<b>Earnings per share</b>	7		
Basic (RMB Cent)		<b>1.71</b>	28.16
Diluted (RMB Cent)		<b>1.70</b>	28.00

The notes on pages 53 to 62 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023 — unaudited  
(Expressed in RMB)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
<b>Profit for the period</b>	<b>12,872</b>	184,392
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of overseas group entities	<b>46,870</b>	78,407
<b>Other comprehensive income for the period</b>	<b>46,870</b>	78,407
<b>Total comprehensive income for the period</b>	<b>59,742</b>	262,799
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>55,170</b>	220,579
Non-controlling interests	<b>4,572</b>	42,220
<b>Total comprehensive income for the period</b>	<b>59,742</b>	262,799

The notes on pages 53 to 62 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023 — unaudited  
(Expressed in RMB)

		At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	8	205,433	233,116
Investment properties		23,430	23,945
Intangible assets		114,773	125,427
Goodwill		855,651	855,651
Interests in associate		9,304	9,009
Other financial assets		203,024	195,479
Deferred tax assets		19,227	17,577
Other non-current assets		12,117	12,205
Time deposits with banks	11	356,837	233,287
		<b>1,799,796</b>	1,705,696
<b>Current assets</b>			
Trade receivables	9	197,780	160,730
Prepayments and other receivables	10	149,085	110,583
Receivables from related parties	16	2,329	2,237
Other current assets		359,186	801,351
Time deposits with banks	11	1,584,877	1,667,132
Cash and cash equivalents	12	524,470	476,481
		<b>2,817,727</b>	3,218,514
<b>Current liabilities</b>			
Trade and other payables	13	369,583	542,658
Contract liabilities		808,605	829,204
Interest-bearing borrowings		80,077	8,710
Lease liabilities		69,157	64,682
Current taxation		1,356	9,173
		<b>1,328,778</b>	1,454,427

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2023 — unaudited (continued)*  
*(Expressed in RMB)*

	<b>At 30 June</b>	At 31 December
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Net current assets</b>	<b>1,488,949</b>	1,764,087
<b>Total assets less current liabilities</b>	<b>3,288,745</b>	3,469,783
<b>Non-current liabilities</b>		
Lease liabilities	<b>86,183</b>	104,773
Deferred tax liabilities	<b>17,493</b>	18,848
	<b>103,676</b>	123,621
<b>NET ASSETS</b>	<b>3,185,069</b>	3,346,162
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>339</b>	342
Reserves	<b>2,914,310</b>	3,074,098
<b>Total equity attributable to equity shareholders of the Company</b>	<b>2,914,649</b>	3,074,440
<b>Non-controlling interests</b>	<b>270,420</b>	271,722
<b>TOTAL EQUITY</b>	<b>3,185,069</b>	3,346,162

The notes on pages 53 to 62 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 — unaudited  
(Expressed in RMB)

Attributable to equity shareholders of the Company									
Note	Share capital RMB'000	Share premium RMB'000	Shares held for RSU scheme RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2022</b>	341	2,810,188	(224,616)	86,685	(11,773)	321,739	2,982,564	212,867	3,195,431
<b>Changes in equity for the six months ended 30 June 2022:</b>									
Profit for the period	—	—	—	—	—	142,172	142,172	42,220	184,392
Other comprehensive income	—	—	—	—	78,407	—	78,407	—	78,407
Total comprehensive income	—	—	—	—	78,407	142,172	220,579	42,220	262,799
Shares held for the RSU scheme of the Company	14(c)	—	(92,329)	—	—	—	(92,329)	—	(92,329)
Vesting of shares under RSU scheme	—	4,590	16,072	(20,662)	—	—	—	—	—
Shares issued under share option scheme	14(d)	—	7,580	(5,482)	—	—	2,098	—	2,098
Capital injection from non-controlling owners	—	—	—	(793)	—	—	(793)	851	58
Capital injection into subsidiary	—	—	—	(2,009)	—	—	(2,009)	2,103	94
Dividend paid to non-controlling owners	—	—	—	—	—	—	—	(11,600)	(11,600)
Share-based compensation expenses	—	—	—	31,010	—	—	31,010	7,540	38,550
<b>Balance at 30 June 2022</b>	341	2,822,358	(300,873)	88,749	66,634	463,911	3,141,120	253,981	3,395,101
<b>Balance at 1 July 2022</b>	341	2,822,358	(300,873)	88,749	66,634	463,911	3,141,120	253,981	3,395,101
<b>Changes in equity for the six months ended 31 December 2022:</b>									
Profit for the period	—	—	—	—	—	(97,805)	(97,805)	3,000	(94,805)
Other comprehensive income	—	—	—	—	54,894	—	54,894	—	54,894
Total comprehensive income	—	—	—	—	54,894	(97,805)	(42,911)	3,000	(39,911)
Shares held for the RSU scheme of the Company	14(c)	—	(56,645)	—	—	—	(56,645)	—	(56,645)
Vesting of shares under RSU scheme	—	5,563	5,047	(10,610)	—	—	—	—	—
Shares issued under share option scheme	14(d)	1	8,788	(8,583)	—	—	206	—	206
Capital withdrew by non-controlling owners	—	—	—	(2,009)	—	—	(2,009)	2,103	94
Purchase of non-controlling interests	—	—	—	(2,476)	—	—	(2,476)	2,569	93
Dividend paid to non-controlling owners	—	—	—	—	—	—	—	(10,348)	(10,348)
Disposal of subsidiaries	—	—	—	—	—	—	—	(190)	(190)
Share-based compensation expenses	—	—	—	37,155	—	—	37,155	20,607	57,762
<b>Balance at 31 December 2022</b>	342	2,836,709	(352,471)	102,226	121,528	366,106	3,074,440	271,722	3,346,162

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023 — unaudited (continued)  
(Expressed in RMB)

		Attributable to equity shareholders of the Company									
		Share capital	Share premium	Shares held for RSU scheme	Treasury share reserve	Capital reserve	Exchange reserve	Retained profits	Non- controlling Total interests	Total equity	
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	<b>Balance at 1 January 2023</b>	342	2,836,709	(352,471)	—	102,226	121,528	366,106	3,074,440	271,722	3,346,162
	<b>Changes in equity for the six months ended 30 June 2023:</b>										
	Profit for the period	—	—	—	—	—	—	8,300	8,300	4,572	12,872
	Other comprehensive income	—	—	—	—	—	46,870	—	46,870	—	46,870
	Total comprehensive income	—	—	—	—	—	46,870	8,300	55,170	4,572	59,742
	Purchase and cancellation of own shares	14(b) (4)	—	—	(34,915)	(39,154)	—	—	(74,073)	—	(74,073)
	Shares held for the RSU scheme of the Company	14(c) —	—	(170,517)	—	—	—	—	(170,517)	—	(170,517)
	Vesting of shares under RSU scheme	—	5,332	28,138	—	(33,470)	—	—	—	—	—
	Shares issued under share option scheme	14(d) 1	18,716	—	—	(9,181)	—	—	9,536	—	9,536
	Dividend paid to non-controlling owners	—	—	—	—	—	—	—	—	(10,716)	(10,716)
	Share-based compensation expenses	—	—	—	—	20,093	—	—	20,093	4,842	24,935
	<b>Balance at 30 June 2023</b>	<b>339</b>	<b>2,860,757</b>	<b>(494,850)</b>	<b>(34,915)</b>	<b>40,514</b>	<b>168,398</b>	<b>374,406</b>	<b>2,914,649</b>	<b>270,420</b>	<b>3,185,069</b>

The notes on pages 53 to 62 form part of this interim financial report.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023 — unaudited  
(Expressed in RMB)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
<b>Operating activities</b>			
Cash (used in)/generated from operations		(180,816)	4,423
Tax paid		(17,217)	(31,491)
<b>Net cash used in operating activities</b>		<b>(198,033)</b>	<b>(27,068)</b>
<b>Investing activities</b>			
Proceeds from maturity of wealth management products		756,563	832,970
Payment for the purchase of property, plant and equipment, and intangible assets		(8,347)	(9,267)
Payment for the purchase of equity securities		(6,500)	(28,000)
Payment for business acquisitions net of cash acquired		—	(8,050)
Payment for the purchase of wealth management products		(312,000)	(682,500)
Other cash flows arising from investing activities		26,947	(33,894)
<b>Net cash generated from investing activities</b>		<b>456,663</b>	<b>71,259</b>
<b>Financing activities</b>			
Proceeds from interest-bearing borrowings		102,684	33,000
Repayments of interest-bearing borrowings		(31,317)	(22,002)
Shares held for RSU scheme		(168,870)	(97,739)
Payment for the purchase of own shares		(82,798)	—
Interest element of lease rentals paid		(4,139)	(3,249)
Capital element of lease rentals paid		(27,514)	(36,676)
Other cash flows arising from financing activities		(685)	(9,540)
<b>Net cash used in financing activities</b>		<b>(212,639)</b>	<b>(136,206)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>45,991</b>	<b>(92,015)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>476,481</b>	<b>495,778</b>
<b>Effect of foreign exchanges rates changes</b>		<b>1,998</b>	<b>2,727</b>
<b>Cash and cash equivalents at 30 June</b>	12	<b>524,470</b>	<b>406,490</b>

The notes on pages 53 to 62 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

## 1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, Interim financial reporting, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 25 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs. The interim financial report is unaudited.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- IAS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rule*

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

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 3 REVENUE

#### Disaggregation of revenue

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

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
— Services to business customers	977,968	1,202,670
— Services to individual paying users	114,132	168,134
	<b>1,092,100</b>	1,370,804
<b>Revenue from other sources</b>		
— Rental income from investment properties	865	826
	<b>1,092,965</b>	1,371,630

The Group's customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group's revenue during the six months ended 30 June 2022 and 2023.

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

### 4 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest income from bank deposits	36,478	14,954
Investment income from wealth management products	13,182	12,906
Government grant	11,848	23,180
Additional deduction for value added tax	2,564	4,955
Dividend income	11,224	6,157
Others	54	632
	<b>75,350</b>	62,784

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 5 PROFIT BEFORE TAXATION

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>(a) Net finance income</b>		
Interest on bank loans and other borrowings	(557)	(691)
Interest on lease liabilities	(4,139)	(3,249)
Foreign currency exchange gain	11,569	17,009
Bank charges and other finance costs	(632)	(878)
	<b>6,241</b>	12,191
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>(b) Other items</b>		
Depreciation charge		
— owned property, plant and equipment and investment properties	13,748	11,604
— right-of-use assets	34,619	34,175
Amortization of intangible assets	10,688	25,908
Expected credit losses of trade receivables and other receivables	4,441	9,827
Operating lease charge	5,758	4,252
Auditors' remuneration — Audit service	2,498	3,165

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 6 INCOME TAX

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current tax	9,399	14,190
Deferred taxation	(3,005)	(6,075)
	<u>6,394</u>	<u>8,115</u>

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

### 7 EARNINGS PER SHARE

#### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB8,300 thousand (six months ended 30 June 2022: RMB142,172 thousand) and the weighted average of 486,811,471 ordinary shares (2022: 504,934,887) in issue during the interim period.

#### (b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB8,300 thousand (six months ended 30 June 2022: RMB142,172 thousand) and the weighted average number of ordinary shares of 488,655,116 (2022: 507,796,833).

### 8 INVESTMENT PROPERTIES AND PROPERTY, PLANT AND EQUIPMENT

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

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for offices, and therefore recognised the additions to right-of-use assets of RMB14,998 thousand.

#### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2023, the Group acquired items of office equipment and others and leasehold improvements with a cost of RMB6,819 thousand (six months ended 30 June 2022: RMB7,878 thousand). Items of office equipment and others with a net book value of RMB79 thousand were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: RMB5 thousand), resulting in a loss on disposal of RMB5 thousand (six months ended 30 June 2022: loss of RMB3 thousand).

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 9 TRADE RECEIVABLES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Trade receivables — measured at amortized cost	<b>197,780</b>	160,730

#### Ageing analysis

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

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 60 days	<b>197,658</b>	159,196
60 days to 1 year	<b>122</b>	1,534
	<b>197,780</b>	160,730

### 10 PREPAYMENTS AND OTHER RECEIVABLES

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Prepayments to suppliers	<b>53,665</b>	39,946
Other receivables	<b>66,689</b>	50,496
Interest receivable	<b>28,731</b>	20,141
	<b>149,085</b>	110,583

### 11 TIME DEPOSITS WITH BANKS

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Within 1 year	<b>1,584,877</b>	1,667,132
Over 1 year	<b>356,837</b>	233,287
Time deposits with banks with initial maturity of over three months	<b>1,941,714</b>	1,900,419

Time deposits with banks are able to withdraw in advance as needed. As of the date of this report, the Group did not intend to withdraw in advance.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 12 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Demand deposits with banks	524,470	476,481
Cash and cash equivalents	524,470	476,481

### 13 TRADE AND OTHER PAYABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade payables to third parties	117,089	136,108
Salary and welfare payable	171,249	269,457
Other tax payables	53,776	58,991
Other payables	27,469	78,102
	<b>369,583</b>	<b>542,658</b>

#### Ageing analysis

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

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 30 days	66,530	91,508
30 days to 1 year	50,559	44,600
	<b>117,089</b>	<b>136,108</b>

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 14 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

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

#### (b) Purchase of own shares

During the interim period, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares purchased	Highest Price paid Per share RMB	Lowest Price paid Per share RMB	Aggregate price paid RMB'000
April 2023	4,292,400	9.81	8.60	39,159
May 2023	522,000	7.84	7.41	3,980
June 2023	3,686,200	8.74	7.69	30,934

The Company repurchased 8,500,600 shares of the Company on The Stock Exchange of Hong Kong Limited with prices ranging from RMB7.41 to RMB9.82. The total consideration paid for these shares was RMB74,073 thousand. 4,292,400 shares of these shares were cancelled in 27 June 2023.

#### (c) Shares held for RSU Scheme

Pursuant to a resolution passed by the Board on 25 January 2019, the Company entered into a trust deed with Vistra Trust (Hong Kong) Limited to assist with the administration of the RSU Scheme. On 23 August 2022, the Company changed its trustee to Tricor Trust (Hong Kong) Limited ("**Tricor Trust**") to assist in the administration of the future RSU Scheme. On 21 April 2023, the Board passed the Restricted Share Scheme 2023 ("**RSU Scheme 2023**"). The Company entered into a trust deed with Teeroy Limited ("**Teeroy**") to assist with the administration of the RSU Scheme 2023. In 2023, the Company directed Futureshare Limited and Quest Gain Holding Limited, the special purpose vehicle established by the Tricor Trust and Teeroy, which were intended to hold the shares under the RSU Scheme and RSU Scheme 2023, to purchase the shares of the Company for the benefit of the eligible participants pursuant to the terms and conditions of the RSU Scheme and RSU Scheme 2023. The details of which are set out below:

Month/year	Number of shares purchased	Highest Price paid Per share RMB	Lowest Price paid Per share RMB	Aggregate price paid RMB'000
January 2023	2,679,800	11.01	7.91	26,712
February 2023	6,207,200	12.01	9.52	68,142
March 2023	3,872,800	11.34	8.41	39,892
April 2023	714,000	9.82	8.74	6,409
May 2023	3,616,200	8.75	7.41	29,150
June 2023	25,000	8.74	7.69	212

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 14 CAPITAL, RESERVES AND DIVIDENDS (continued)

#### (d) Equity settled share-based transactions

The Group has a share option scheme which was adopted on 1 January 2012 whereby the directors of the Group are authorized, at their discretion, to invite employees of the Group, to take up options to subscribe for shares of the Group. 100,000 share options were granted during the six months ended 30 June 2023. The options vest after one to four years from the date of grant and are then exercisable within a period of ten years. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares. As of the six months ended 30 June 2023, certain options were exercised to subscribe for 1,061,600 ordinary shares with nominal value of USD0.0001 each. The total consideration was RMB9,536 thousand, RMB725 of which was credited to share capital and RMB9,535 thousand was credited to share premium.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted during the six months ended 30 June 2023 is measured based on a binomial option-pricing model.

	<b>Six months ended 30 June 2023 RMB</b>
Fair value at measurement date	<b>3.56</b>
Share price	<b>7.77</b>
Exercise price	<b>7.91</b>
Expected volatility	<b>52.04%</b>
Expected dividend yield	<b>0%</b>
Risk-free interest rate	<b>2.73%</b>

#### (e) Capital management

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

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

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 30 June 2023 was 31.02% (2022: 32.05%).

**14 CAPITAL, RESERVES AND DIVIDENDS** (continued)**(e) Capital management (continued)**

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

	<b>At 30 June 2023 RMB'000</b>	At 31 December 2022 RMB'000
Current assets	<b>2,817,727</b>	3,218,514
Non-current assets	<b>1,799,796</b>	1,705,696
Total assets	<b>4,617,523</b>	4,924,210
Current liabilities	<b>1,328,778</b>	1,454,427
Non-current liabilities	<b>103,676</b>	123,621
Total liabilities	<b>1,432,454</b>	1,578,048
Liability-to-asset ratio	<b>31.02%</b>	32.05%

**15 COMMITMENTS**

The Group has no capital commitment outstanding at 30 June 2023 and 31 December 2022 not provided for in the financial statements.

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

### 16 MATERIAL RELATED PARTY TRANSACTIONS

	Note	Amounts due from related parties		Amounts due to related parties	
		30 June 2023 RMB'000	31 December 2022 RMB'000	30 June 2023 RMB'000	31 December 2022 RMB'000
Loan to members of key management personnel	(i)	2,329	2,237	—	—

- (i) The Group made the loan to Mr. Chen Xingmao in accordance with the Executive Loan Benefits Program, amounting to HKD3.3 million with an annual interest rate of 2%, mortgaged by his real estate. The term of loan was from 31 May 2019 to 30 May 2020. Mr. Chen Xingmao repaid HKD1 million in 2021. The remaining loan has been extended to May 2024.

### 17 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On July 2023, the Company repurchased a total of 1,883,800 shares of the Company on the Stock Exchange, and after the reporting period and up to the date of this report, there are no other significant events occurred.