



# SY HOLDINGS GROUP LIMITED

## 盛業控股集團有限公司

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

Stock Code : 6069

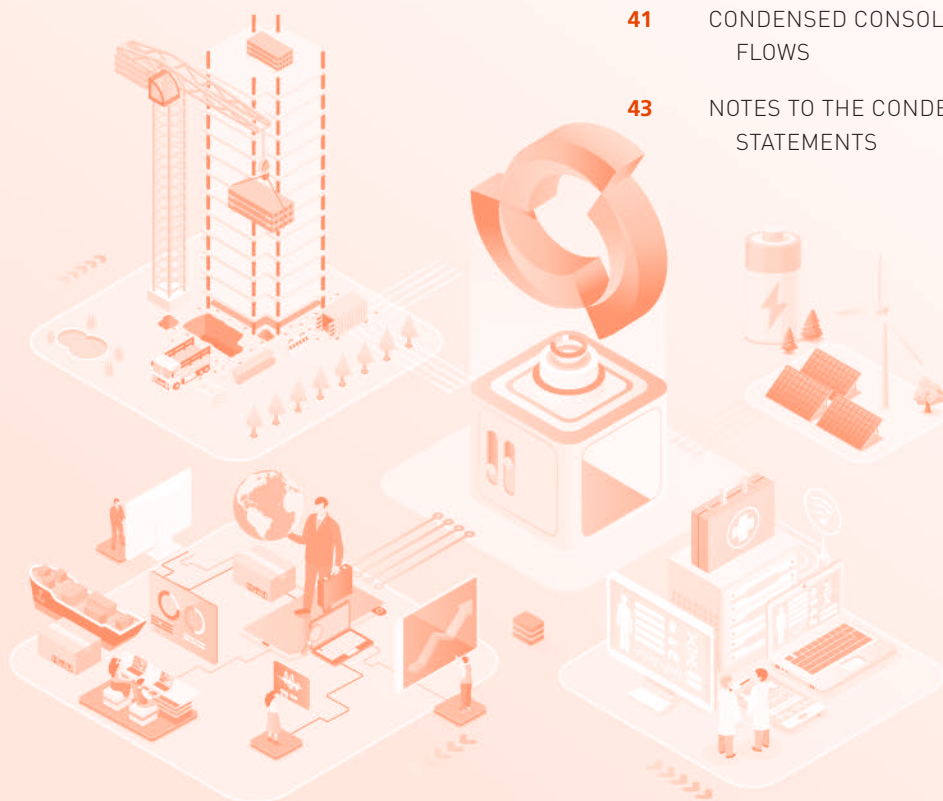


# 2024 INTERIM REPORT

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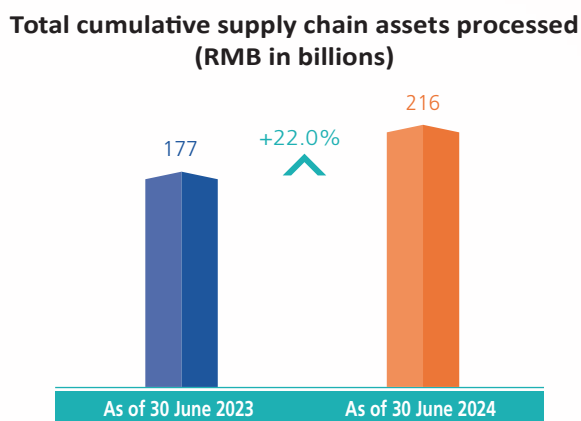
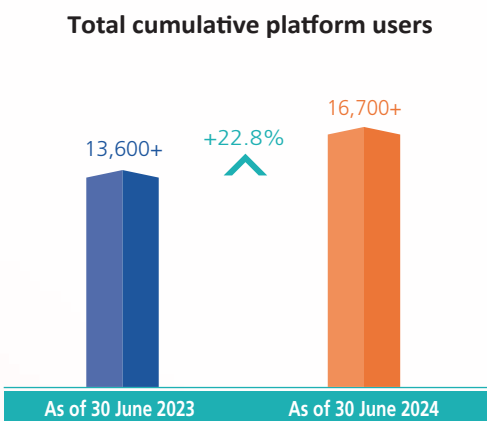
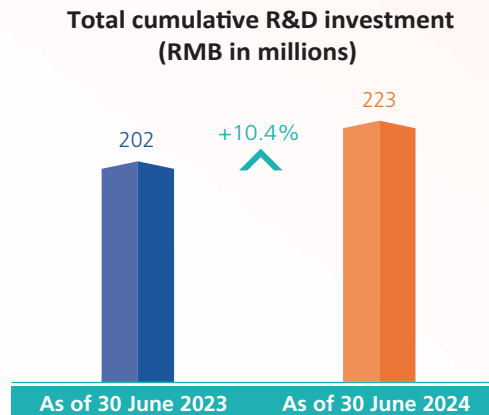
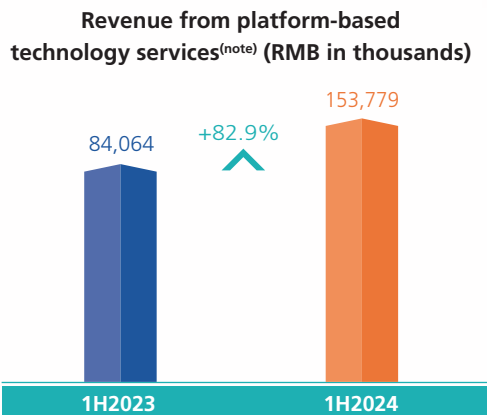
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# 2 PERFORMANCE HIGHLIGHTS

For the six months ended 30 June 2024



**Proportion of revenue from platform-based technology services**  
During the six months ended 30 June 2024

**>35%** (+18pp)

**Patents and copyrights**  
As of 30 June 2024

**68** (+9.7%)

**SME loan customers**  
During the six months ended 30 June 2024

**>97%**

**Total funding partners**  
As of 30 June 2024

**138** (+13.1%)

Note: The platform-based technology services included technology service for loan facilitation, referral service, technology service for asset-backed securitisation products, supply chain technology services and other services.



# CORPORATE INFORMATION 3

## BOARD OF DIRECTORS

### Executive Directors

Mr. Tung Chi Fung (Chairman)  
Mr. Chen Jen-Tse

### Non-executive Director

Mr. Lo Wai Hung

### Independent Non-executive Directors

Mr. Loo Yau Soon  
Mr. Fong Heng Boo  
Mr. Tang King San Terence  
Ms. Chan Yuk Ying Phyllis

## AUDIT COMMITTEE

Mr. Tang King San Terence (Chairman)  
Mr. Loo Yau Soon  
Mr. Fong Heng Boo

## NOMINATION COMMITTEE

Mr. Tung Chi Fung (Chairman)  
Mr. Fong Heng Boo  
Mr. Tang King San Terence

## REMUNERATION COMMITTEE

Mr. Loo Yau Soon (Chairman)  
Mr. Tung Chi Fung  
Mr. Fong Heng Boo

## COMPANY SECRETARY

Mr. Wang Zheng

## AUTHORISED REPRESENTATIVES

Mr. Tung Chi Fung  
Mr. Wang Zheng

## REGISTERED OFFICE

Windward 3, Regatta Office Park, PO Box 1350,  
Grand Cayman KY1-1108, Cayman Islands

## COMPANY'S WEBSITE ADDRESS

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

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN MAINLAND CHINA

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1-1 Zhong Xin No. 4 Road  
Futian, Shenzhen 518048, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG SAR

Room 4202, 42/F, Tower 1, Lippo Centre  
89 Queensway, Admiralty, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park, PO Box 1350,  
Grand Cayman KY1-1108, Cayman Islands

## SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG SAR

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

## AUDITORS

Deloitte Touche Tohmatsu  
Registered Public Interest Entity Auditors  
35/F, One Pacific Place  
88 Queensway, Hong Kong

## LEGAL ADVISER

TC & Co.  
Units 2201-3, Tai Tung Building  
8 Fleming Road, Wan Chai, Hong Kong

## STOCK CODE

6069



# 4 MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### 2024 Interim Review

In the first half of 2024, SY Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**SY**”) focused on promoting inclusive finance as outlined in the China’s Central Financial Work Conference, integrating technology with industry supply chains. The Group has deepened its involvement in national pillar industries of infrastructure, pharmaceuticals and commodities, while also expanded its product offerings into strategic emerging industries such as cross-border e-commerce and energy storage. SY committed to enhance its ability to serve the real economy, provide small, medium, and micro-enterprises (“**SMEs**”) in the supply chain of more convenient access to inclusive financial services, thereby boosting social responsibility and value creation. As at 30 June 2024, the platform’s cumulative number of customers was over 16,700, and the cumulative amount of supply chain assets processed by the platform was approximately RMB216 billion, increased by approximately 22.8% and 22.0% respectively compared to that as at 30 June 2023. The proportion of SMEs customers was approximately 96.69%. As SY’s technology and industry digital ecosystems become more interconnected, the Group’s business scale continues to expand. During the six months ended 30 June 2024, the Group recorded an adjusted net profit<sup>1</sup> of RMB166 million, while the revenue from digital financing solutions reached RMB275 million. The daily average balance of supply chain assets (including both self-funded and loan facilitation supply chain assets) during the period was approximately RMB20.429 billion, representing a year-on-year growth of about 61.7%.

SY leveraged the investment into technological innovation and the commercialization of R&D achievements as entry points to drive a positive and dynamic business cycle of “technology-industry-finance”. By 30 June 2024, the Group’s cumulative R&D investment is approximately RMB223 million, holding 68 national invention patents and software copyrights. The Group leveraged technology to enhance its platform’s linking capabilities, precisely matching high-quality assets with inclusive funds. This resulted in revenue and income from principal activities of RMB436 million, with revenue from platform-based technology services reaching approximately RMB154 million, a year-on-year increase of approximately 82.9% and accounted for 35.3% of the total revenue, indicating the main driver of the Group’s performance growth in the future.



Exclude the impacts of gain on disposal of subsidiaries and equity-settled share-bases payments pursuant to share incentive plan.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Expanding Business Territory and Linking New Industry Ecosystems

In terms of strategic breakthroughs, SY has proactively aligned with the Ministry of Commerce and other national departments' initiatives on enhancing cross-border e-commerce exports and overseas warehouse development. By strategically acquisition of a comprehensive group that specializes in e-commerce supply chain services and innovative pharmaceutical industry investments, SY has swiftly positioned itself in the fast-growing cross-border e-commerce sector. SY has established partnerships with several leading cross-border e-commerce platforms, offers innovative inclusive financing solutions, facilitates SME vendors in China to shorten their payment settlement cycles and accelerate their capital turnover, contributes to the globalization of "Made in China" and enables Chinese customers to shop worldwide, ultimately develops new drivers of business growth.

In terms of inclusive financial cooperation, the Group continues to implement its platformization strategy, supporting the expansion of inclusive finance for regional supply chains. In the first half of 2024, the factoring companies jointly operating by SY and high-quality regional state-owned enterprises ("SOEs") in Wuxi, Ningbo, Xiamen and Qingdao maintained strong growth momentum, with a total business scale surpassing RMB15.7 billion. Additionally, the number of funding partners on the platform has increased to 138, representing a growth of 13.1%.

In terms of inclusive finance innovation, SY has actively exploring innovative applications in the Digital Renminbi pilot program. In collaboration with Agricultural Bank of China, SY successfully implemented Zhejiang Province's first innovative business of "Digital Renminbi + Smart Contracts + Factoring Financing + Wage Payment of Construction Workers". This initiative not only met financing needs of SY's customers in infrastructure sector, but also secured the direct disbursement of wages to the construction workers hired by the customers, providing sustainability and social benefits to the industry. Additionally, leveraging the advantages of the "Digital Renminbi + Factoring" model, including that it supports 7\*24 hours of settlement as well as provides transparent and full-cycle trackable record of the payment, SY effectively mitigates trust issues between enterprises, addresses financing needs across various supply chains, and ensures that inclusive financial services are available any time, any where. As of 30 June 2024, SY has disbursed approximately RMB243 million of factoring financing loans via Digital Renminbi.

## Commitment to Compliance and Embracing Regulation

SY is always committed to compliance and is actively participated in the construction of the national credit system. The Company's wholly-owned subsidiary, SY Commercial Factoring Co., Ltd., was recognized for its outstanding data quality in credit reporting system by the Credit Reference Center of the People's Bank of China. Additionally, SY was awarded the "2024 Digital Innovation Leading Award" at the 13th Finance Summit and received certifications as a "Multinational Company Headquarters Enterprise" in Shenzhen City and a "Multinational Company Headquarters Institution" in Guangdong Province.



## 6 MANAGEMENT DISCUSSION AND ANALYSIS

### Corporate Responsibility and Sustainable Development

SY adheres to the philosophy of “Technology for Good”, tackling social issues such as the financing difficulties faced by small and micro enterprises while actively engaging in public welfare and charity. The SY Charity Foundation, initiated by the company and recognized as a AAA-grade social organization, focuses on areas like “Caring for Children in Difficulties”, “Youth Inspiration Programs”, and “Rural Revitalization Support”. As of now, SY has contributed over RMB13.76 million to public welfare, with cumulative public service hours exceeding 6,098 hours and affecting over 11,800 people.

Since March this year, SY Charity Foundation has organized the “SY Light: A beam of light to warm hearts” events in Ningxia and Qinghai, conducted free medical screenings of congenital heart disease for children from disadvantaged families and providing surgical treatment assistance for 12 children with the condition. In April 2024, SY Charity Foundation participated in the “One Egg Walkathon” charity event, once again advocating for children and raising over RMB30,000 to support the protection of underprivileged children in central and western China. In July 2024, SY Charity Foundation actively participated in the targeted assistance projects organized by the Shenzhen and Tianjin Financial Bureaus, donating RMB160,000 to Shangguan Town in Dongyuan County, Heyuan City, and Gaoxinzhuang Village in Tianjin, to support the construction of village infrastructure.

Leveraging its deep understanding and practice of ESG principles, SY has been awarded an updated A rating in the MSCI ESG Ratings, leading the domestic financial industry. It has also been recognized by S&P Global with its ESG score ranking in the top 26% of peers globally. Additionally, SY places great emphasis on talent development, employee care and corporate culture, earning a spot on the 2024 Bloomberg Green Finance “DEI Inclusive Workplace” list and the 2024 51Job “Outstanding Employer” list. Looking ahead, the Group will continue to uphold ESG principles, providing inclusive financial services with a human touch, and contributing to the high-quality development of the real economy with “SY strength”.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue and income from principal activities

The principal activities of the Group include the provision of platform-based technology services, digital financing solutions and sales of supply chain assets.

The Group's total revenue and income from principal activities decreased by 11.9% year-on-year to RMB436.1 million for the six months ended 30 June 2024, compared to RMB494.8 million for the corresponding period in last year, mainly due to the deemed disposal of Wuxi Guojin Commercial Factoring Co., Ltd. ("WXGJ") in February 2024. Since WXGJ became an associate of the Group, the financial result of WXGJ will be accounted under share of profits of associates.

The following table sets forth the comparative figures and as a percentage of total revenue and income from principal activities for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June				
	2024 RMB'000	% of total revenue	Year-on-year	2023 RMB'000	% of total revenue
<b>Revenue from platform-based technology services</b>					
– Technology service for loan facilitation	100,997	23.1%	242.4%	29,501	6.0%
– Referral service	50,913	11.7%	35.1%	37,687	7.6%
– Technology service for asset-backed securitisation products	1,038	0.2%	N/A	–	–
– Supply chain technology services	57	0.0%	-99.7%	16,651	3.4%
– Other services	774	0.2%	244.0%	225	0.0%
<b>Subtotal</b>	<b>153,779</b>	<b>35.2%</b>	<b>82.9%</b>	<b>84,064</b>	<b>17.0%</b>
<b>Income from digital financing solutions</b>					
– Interest income from supply chain assets	257,652	59.1%	-25.2%	344,407	69.6%
– Guarantee income	16,469	3.8%	72.1%	9,570	1.9%
– Interest income from contracts containing significant financing components	917	0.2%	-6.1%	977	0.2%
<b>Subtotal</b>	<b>275,038</b>	<b>63.1%</b>	<b>-22.5%</b>	<b>354,954</b>	<b>71.7%</b>
<b>Gain on sales of supply chain assets</b>	<b>7,233</b>	<b>1.7%</b>	<b>-87.0%</b>	<b>55,818</b>	<b>11.3%</b>
<b>Revenue and income from principal activities</b>	<b>436,050</b>	<b>100.0%</b>	<b>-11.9%</b>	<b>494,836</b>	<b>100.0%</b>





# MANAGEMENT DISCUSSION AND ANALYSIS

## Platform-based technology services

Revenue from the platform-based technology services comprises (i) services fees received from customers by providing technology service for loan facilitation through the SY Cloud platform (a data-driven supply chain technology platform empowered by the Group) during the loan period of the customers; (ii) services fees received from customers by referring the customers to the funding partners; (iii) technology service fees that the Group charged for facilitating the issuance of ABS/ABN by associates; (iv) technology services fees received from customers by providing supply chain technology services such as smart enterprise solutions and supply chain procurement systems; and (v) services fees received from customers by providing AR management services. Revenue from platform-based technology services significantly increased by 82.9% year-on-year to approximately RMB153.8 million for the six months ended 30 June 2024, compared to approximately RMB84.1 million for the corresponding period of last year, mainly driven by the expansion of its loan facilitation business, due to the Group's push towards a platform-based transformation, providing SMEs, core enterprises and funding partners with convenient one-stop supply chain financing services.

## Digital financing solutions

Revenue from the digital financing solutions comprises (i) interest income received from providing flexible supply chain financing solutions; (ii) guarantee services fees arising mainly from the Group's loan facilitation business; and (iii) interest income from supply chain technology services contracts which contain significant financing components. Income from the digital financing solutions decreased by 22.5% year-on-year to RMB275.0 million for the six months ended 30 June 2024, compared to RMB355.0 million for the corresponding period of last year, mainly due to the deemed disposal of WXGJ in February 2024, please refer to note 27(a) of the "Notes to the condensed consolidated financial statements" for details.

## Gain on sales of supply chain assets

The Group may sell rights of supply chain assets as a way to improve cash flow and manage its supply chain assets portfolio. Gain from this business segment is equal to the excess of the consideration received and receivable over the carrying amount of the supply chain assets. The gain on sales of supply chain assets decreased by 87.0% year-on-year to RMB7.2 million for the six months ended 30 June 2024, compared to RMB55.8 million for the corresponding period of last year, which is mainly due to the decrease in the amounts of supply chain assets sold during the period.



# MANAGEMENT DISCUSSION AND ANALYSIS 9

## Other gains and losses

The Group booked other gains of RMB27.2 million in the first half of 2024, an increase of 331.7% year-on-year, compared to RMB6.3 million for the corresponding period of last year. The increase was mainly due to the net impact of (i) increase in fair value gain of other financial assets at FVTPL; (ii) decrease of fair value loss of other financial liabilities at FVTPL; (iii) gain on disposal of subsidiaries; and (iv) decrease in fair value gain of derivative financial instruments.

## Expenses

The following table sets forth the comparative figures of the principal components of the operational expenses for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June		
	2024 RMB'000	2023 RMB'000	Year-on-year
Staff Costs	69,127	60,457	14.3%
Depreciation and amortisation	15,003	15,678	-4.3%
Other costs and operating expenses (excluding materials cost)	24,108	26,432	-8.8%
<b>Total</b>	<b>108,238</b>	102,567	5.5%

The Group's total operational expenses increased by 5.5% year-on-year to RMB108.2 million for the six months ended 30 June 2024, compared to RMB102.6 million for the corresponding period of last year, mainly due to the increase in staff costs of RMB8.7 million.

The operational cost-to-income ratio for the first half of 2024 was 24.8% as compared with 20.7% for the corresponding period in 2023, excluding materials cost and one-time expenses.

## Net profit

Net profit in the first half of 2024 was RMB165.1 million, a decrease of RMB21.9 million or 11.7% year-on-year, compared to RMB187.0 million for the six months ended 30 June 2023.

## Adjusted net profit

Adjusted net profit decreased by 11.8% year-on-year to RMB166.0 million for the six months ended 30 June 2024, compared to RMB188.3 million for the six months ended 30 June 2023.



# 10 MANAGEMENT DISCUSSION AND ANALYSIS

## Non-HKFRSs measure: Adjusted net profit

To supplement our consolidated results which are prepared and presented in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”), we utilize non-HKFRSs adjusted net profit (“**adjusted net profit**”) as an additional financial measure. We define adjusted net profit as profit for the period, as adjusted by excluding gain on disposal of subsidiaries and equity-settled share-based payments based on our share incentive plan.

Adjusted net profit is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of non-HKFRSs measures when shown in conjunction with the corresponding HKFRSs measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items and the impact of certain non-recurring investment transactions. We also believe that the non-HKFRSs measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRSs. In addition, this non-HKFRSs financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group’s non-HKFRSs measures for the six months ended 30 June 2024 and 2023, respectively, to the nearest measures prepared in accordance with HKFRSs.

	2024 RMB'000	2023 RMB'000
<b>Profit for the six months ended 30 June</b>	<b>165,126</b>	187,006
<b>Less:</b>		
Gain on disposal of subsidiaries (note 1)	<b>(5,177)</b>	–
<b>Add:</b>		
Equity-settled share-based payments based on our share incentive plan (note 2)	<b>6,016</b>	1,303
<b>Adjusted net profit for the period (non-HKFRSs)</b>	<b>165,965</b>	188,309

### Notes:

1. It represents the non-recurring gain from the disposal of subsidiaries, which is one-off in nature.
2. It represents the share options/restricted share unit (“RSU”) that we granted under our share incentive plan, which is a non-cash expense.



# MANAGEMENT DISCUSSION AND ANALYSIS

## Supply chain assets at fair value through other comprehensive income (“FVTOCI”)

Supply chain assets at FVTOCI as of 30 June 2024 were RMB5,720.3 million, a 28.9% decrease year-on-year. Daily average balance of self-funded supply chain assets over the first half of 2024 were RMB6,237.6 million, a 21.4% decrease over the corresponding period of last year. Based on the daily average balance of self-funded supply chain assets, interest yield on supply chain assets in the first half of 2024 was 8.3%, which was 0.4 percentage points lower year-on-year.

The details of major terms of supply chain assets, including collateral types, maturity profile, and the size and diversity of clients are set out below.

As at 30 June 2024, all of the total supply chain assets were secured by charge over trade receivable, in respect of which the legal title and legal right to receivable cash flows were also transferred to the Group. Furthermore, the supply chain assets of RMB218.9 million were secured by certain commercial acceptance bills received from customers (31 December 2023: supply chain assets of RMB160.5 million were secured by certain commercial acceptance bills received from customers and the supply chain assets of RMB16.6 million were secured by deposit from customers). The bills and deposits can be applied and used to settle any outstanding receivables of supply chain assets for the corresponding contract if default occurs.

As at 30 June 2024, there were a total of 2,366 (31 December 2023: 3,187) outstanding supply chain assets obtained by the Group, out of which 122 (31 December 2023: 137) supply chain assets are referred to as sizeable loans with principal amount which exceeds RMB10,000,000, 612 (31 December 2023: 744) supply chain assets with principal amount between RMB1,000,000 and RMB10,000,000, 1,632 (31 December 2023: 2,306) supply chain assets with principal amount less than RMB1,000,000.

As at 30 June 2024, the outstanding supply chain assets of RMB679.7 million (31 December 2023: RMB397.4 million) were obtained from the related parties (which is an associate of the Group under the Listing Rules) of the Group. The remaining balance of the outstanding supply chain assets were obtained from the independent third parties of the Group. The supply chain assets normally have a term of 1 to 23 months (31 December 2023: 1 to 24 months) and the effective interest rates ranging mainly from 6.00% to 15.00% (31 December 2023: 4.90% to 14.00%) per annum.

Supply chain assets at FVTOCI with ageing analysis presented below per maturity dates:

	As at		
	30 June 2024 RMB'000	31 December 2023 RMB'000	30 June 2023 RMB'000
Within six months	2,821,880	5,087,444	3,387,986
Within a period of more than six months but not exceeding one year	2,888,812	2,449,011	4,578,427
Within a period of more than one year but not exceeding two years	9,563	126,889	77,281
	<b>5,720,255</b>	7,663,344	8,043,694



# 12 MANAGEMENT DISCUSSION AND ANALYSIS

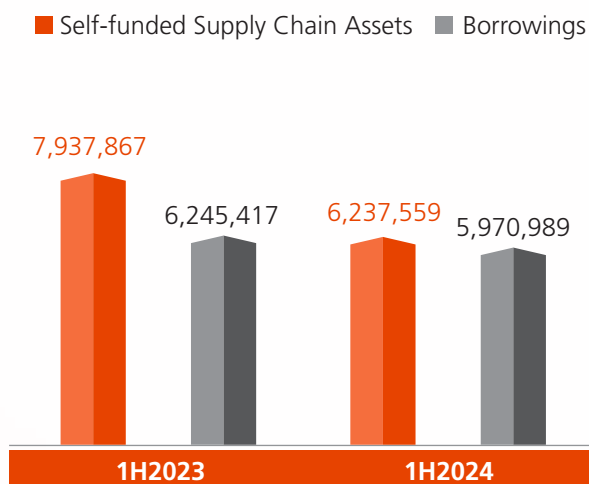
## Movements in impairment loss allowance on supply chain assets

The Group's impairment loss allowance on supply chain assets decreased by 25.2% year-on-year to RMB65.7 million as at 30 June 2024, compared to RMB87.8 million as at 30 June 2023, mainly due to the decrease in gross carrying amount of supply chain assets. No impairment loss allowance were written off for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

## Borrowings and finance costs

Borrowings, including loans from related parties, as of 30 June 2024 was RMB5,874.8 million, a 10.6% decrease year-on-year. Daily average borrowings over the first half of 2024 was RMB5,971.0 million, a 4.4% decrease year-on-year. The decrease in finance costs of RMB14.6 million year-on-year was mainly due to the decrease in the daily average balance of borrowings and the decrease in average borrowings interest rate from 6.4% for the six months ended 30 June 2023 to 6.2% for the six months ended 30 June 2024.

### Daily Average Balance (RMB'000)



## Taxation

Income tax expenses represent the tax expense arising from the assessable profit generated by the Group in the PRC, withholding tax levied on interest income of Hong Kong subsidiaries, withholding tax levied on dividend declared by a PRC subsidiary and deferred tax. Except for certain PRC subsidiaries that enjoy preferential tax rates, PRC enterprise income tax is calculated at 25% of the estimated assessable profits for six months ended 30 June 2024 and 2023. The increase in the effective tax rate from 18.3% for the six months ended 30 June 2023 to 27.3% for six months ended 30 June 2024 was mainly attributable to the increase in profit before taxation in subsidiaries with applicable tax rate of 25% and the increase in withholding tax on the undistributed earnings of PRC subsidiaries.

For the six months ended 30 June 2024, income tax expenses amounted to approximately RMB62.0 million (for the six months ended 30 June 2023: RMB42.0 million).



# MANAGEMENT DISCUSSION AND ANALYSIS 13

## KEY INTERNAL CONTROLS IN RESPECTIVE OF DIGITAL FINANCING SOLUTIONS

The Group has established and maintained comprehensive approval and risk assessment procedures, sound internal control system and established credit risk control policies in place which take into account internal and external factors to determine the approval of digital financing solutions. The Group applies industry risk assessment model which is based on a conventional risk control and industry-specific evaluation model for credit assessment of digital financing solutions.

With an in-depth accumulated understanding of the industry, the Group verifies and validates the authenticity and rationality of transactions of SME customers by crosschecking transaction information with multi-dimensional data. By processing comprehensive evaluation of the SME customers which takes trading status in the supply chain into account when determining the customers' financial positions, the Group could approach and provide prudent and tailored digital financing solutions to the underserved SME customers and meanwhile mitigate the fraud risk thereunder.

### Credit approval

Leveraged by the industry risk assessment model, the Group applies the double-layer credit approval system in the digital financing solutions business to manage the risk exposure on each customer and the operations of the Group as a whole. The double-layer credit approval system includes the assessment of the credit limit of a customer (the "**Customer Quota**") and the credit limit of each utilization request made by the customer (the "**Utilization Quota**").

- **Customer Quota**

The Group strategically focuses on the selected key industries and core enterprises to develop and improve its industry risk assessment model. Therefore the Group is capable to assess the comprehensive value of its potential SME customers not merely by their financial performance, but also by their trading status in the supply chain ecosystem considering, inter alia, the credibility of the core enterprises, the stability of the cooperation between the SME customers and the core enterprises, and the continuous operation of the SME customers.

The Customer Quota is generally determined between the potential customer and the Group based on arm's length negotiation by considering, among others, (i) the capital needs of the potential customer; and (ii) the comprehensive value of the potential customer assessed and determined by the Group applying the industry risk assessment model.

- **Utilization Quota**

After the Customer Quota is approved by the Group, the customer could apply for the utilization of digital financing solutions. The aggregated outstanding amount of the utilizations of a customer shall not exceed the Customer Quota granted to the customer, and the amount of each application shall not exceed the Utilization Quota determined by the Group separately.

The Utilization Quota is generally determined by the Group upon each application considering, among others, (i) the amount of accounts receivables owned by the customer which is of sufficient value (being more than or equal to the amount of the utilization applied by the customer) as credit enhancement for the provision of the digital financing solutions under the specific application; and (ii) the transaction profile maintained on a real-time basis by the Group from which the accounts receivables are originated. The transaction profile is empowered by the Group's data-driven supply chain technology platform, known as "SY Cloud Platform", which verifies transactional authenticity with multi-dimensional and diversified-sourced data by incorporating a comprehensive suite of technologies such as electronic signatures, OCR, NLP, big data analytics, video authentication and facial recognition.



# 14 MANAGEMENT DISCUSSION AND ANALYSIS

## Monitoring of loan recoverability

The timely repayment of the digital financing solutions and risk exposures is monitored by the Group's Risk Management Department. Leveraging on the data-driven technology platform, the Group continues to monitor the assets through regular monitoring of repayment, invoice status verification and 24-hour public opinion monitoring to ensure that the entire financing process is under comprehensive, continuous and effective management and control.

The Group establishes close cooperation with various banks, opens designated accounts, collects and monitors the repayment information in a timely manner, and effectively tracks the customers' continuity of business operation and stability of cooperation with core enterprises, thereby further strengthening the risk control and realizing closed-loop cash flow management.

## Loan collection

Where irregularity is noted by the Risk Management Department, a working group comprised of multi-functional team members will plan and take remedial actions, which normally include extending repayment terms or negotiating settlement proposals with the customer. If these remedial actions prove unsuccessful, the Group will take legal action against the customer and take control of the collateral assets.

## BUSINESS OUTLOOK AND PROSPECTS

SY will continue to adhere to the core theme of inclusive finance as outlined by the Central Financial Work Conference, driving the Group's development with Dual-Engine, One-Platform growth strategy. Through strategic cooperation with core enterprises, the Group will continue to leverage its technology to embed itself into the supply chain ecosystem, build a supply chain technology platform, and provide one-stop services to core state-owned enterprises, SMEs, and funding partners. While deepening its current business in national pillar industries such as infrastructure, healthcare and commodities, SY will also expand its industrial coverage in strategic emerging industries, including but not limited to cross-border e-commerce and energy storage sectors. SY will conduct in-depth cooperation discussions with core enterprises within these industries to actively expand its development opportunities.

Technological capability will continue to be a core component of SY's DNA. Under the Dual-Engine, One-Platform strategy, SY will continue to invest in R&D and innovation to lay a solid foundation for its leading technological position in the supply chain ecosystem. For the platform-based technology business segment, SY has formed ecosystem alliances with leading enterprises in various sub-sectors, enabling the Group to integrate their leading products on SY's platforms to generate one-stop customized solutions which can in turn accelerate the Group's platformisation. Meanwhile, SY will also deepen ties with ecosystem partners through strategic investments including equity and debt commitments. Leveraging complementary strengths and resource advantages, the Group will rapidly increase its market share. The Group's platform-based technology segment will continue to empower the digital finance segment, which capitalizes on its platform linkage capabilities to provide differentiated services to the supply chain, thereby maintaining its industry-leading position and rapid growth. SY will adhere to its long-term outlook, invest further in R&D and improve risk management through digital technologies to drive high-quality and steady growth and achieve long-term sustainable development.



# MANAGEMENT DISCUSSION AND ANALYSIS 15

## CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

During the six months ended 30 June 2024, the Group's main sources of funds were the cash generated from its daily operation, and proceeds from new borrowings. As at 30 June 2024, the Group had cash and cash equivalents of RMB741.1 million (31 December 2023: RMB658.2 million), of which 97.6% and 1.8% were denominated in RMB and HK\$ respectively. Net cash from operating activities was RMB574.6 million in the first half of 2024 (for the six months ended 30 June 2023: RMB633.9 million), a decrease of RMB59.3 million year-on-year mainly due to the decrease in net cash from supply chain assets at FVTOCI.

As at 30 June 2024, the Group had interest-bearing borrowings and loans from related parties which amounted to RMB5,874.8 million (31 December 2023: RMB7,182.9 million). Its gearing ratio, expressed as total liabilities over total equity was 1.67 as at 30 June 2024 (31 December 2023: 1.91).

## INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## USE OF PROCEEDS

### The Placement in 2021

On 24 September 2021 (after the trading hours), the Company and China International Capital Corporation Hong Kong Securities Limited (the "**Placement Agent**") entered into a placement agreement pursuant to which the Company conditionally agreed to place, through the Placement Agent on a best effort basis, a maximum of 63,068,000 ordinary shares at a price of HKD8.80 per share (the "**Placement**"). The placing shares were allotted and issued pursuant to the general mandate for the Company.

The Placement was completed on 5 October 2021. An aggregate of 63,068,000 new shares were successfully issued by the Company and placed by the Placing Agent to two placees, namely Xitong International Holdings (HK) Limited and Pavilion Capital Fund Holdings Pte. Ltd., at a price of HKD8.80 for each new share. The new shares from the Placement represent approximately 6.29% of the issued share capital of the Company translating to total net proceeds of approximately HKD550.8 million (equivalent to approximately RMB456.2 million).

The placing price of HKD8.80 per share represents: (i) a discount of approximately 7.95% to the closing price of HK\$9.56 per share as quoted on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 September 2021; (ii) a discount of approximately 9.45% to the average closing price of the shares of approximately HK\$9.718 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding but excluding 24 September 2021; and (iii) a discount of approximately 9.44% to the average closing price of the shares of approximately HK\$9.717 per share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding but excluding 24 September 2021.





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## Use of proceeds from the Placement

During the year ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, details of the use of proceeds of the Placement were as follows:

Use of proceeds	Net proceeds raised (Approximately HK\$ million)	Actual use of net	Actual use of net	Actual use of net	Actual use of net	Intended use and expected timeline of the remaining amount of net proceeds
		proceeds during the year ended 31 December 2021 (Approximately HK\$ million)	proceeds during the year ended 31 December 2022 (Approximately HK\$ million)	proceeds during the year ended 31 December 2023 (Approximately HK\$ million)	proceeds during the six months ended 30 June 2024 (Approximately HK\$ million)	
Strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing	275.4	275.4	–	–	–	The amount of strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing had been fully utilised.
Expansion and development of the Group's supply chain technology services segment	165.2	2.3	33.2	20.7	25.6	The remaining unutilised amount of approximately HK\$83.4 million will be used for expansion and development of the Group's supply chain technology services segment and is expected to be fully utilised by 31 December 2025.
General working capital of the Group's platformisation	110.2	7.1	103.1	–	–	The amount of net proceeds for general working capital of the Group's platformisation had been fully utilised.



# MANAGEMENT DISCUSSION AND ANALYSIS

## SUPPLEMENTAL INFORMATION IN RELATION TO THE USE OF PROCEEDS FROM THE PLACEMENT SET OUT IN THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Reference is made to the annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (the “Annual Report”).

In addition to the information disclosed in the Annual Report, the Board of Directors would like to provide additional information pursuant to paragraph 11(8) of Appendix D2 to the Listing Rules in relation to the use of proceeds raised from the Placement completed on 5 October 2021.

As disclosed in the annual report of the Group for the year ended 31 December 2022 published on 27 April 2023, as of 31 December 2022, the remaining unutilised net proceeds raised from the Placement allocated to expansion and development of the Group’s supply chain technology services segment is expected to be fully utilised by 31 December 2023.

The Company has been actively expanding its supply chain technology service business, mainly focusing on developing supply chain technology services in the infrastructure and pharmaceutical industries to create business synergies. Since (i) the Company needs more time to conduct business research and evaluate its business needs and the risks involved in order to identify potential projects and promote implementation; and (ii) secure better business returns and strive for a more advantageous market position of the Company, as disclosed in the Annual Report, it is expected that the remaining unutilised net proceeds allocated to expansion and development of the Group’s supply chain technology services segment of approximately HK\$109.0 million is expected to be fully utilized by 31 December 2025.

The Board of Directors considers that the delay in the use of the unutilised net proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

The expected timeline of full utilisation of the unutilised net proceeds is based on the Directors’ best estimation barring any unforeseen circumstances, and may be subject to change based on the market conditions. Should there be any material change or delay in the use of proceeds, further announcement(s) will be made by the Company as and when appropriate.

The supplementary information set out above does not affect other information contained in the Annual Report and, save as disclosed above, all other information set out in the Annual Report remains unchanged.

## CAPITAL COMMITMENTS

As at 30 June 2024, the capital commitments of the Group comprised of purchase of property and equipment of approximately RMB249.4 million and investment in an associate of approximately RMB0.2 million (31 December 2023: purchase of property and equipment of approximately RMB352.0 million and investment in an associate of approximately RMB0.2 million).

## CONTINGENT LIABILITIES

Save as disclosed in note 20 of the “Notes to the condensed consolidated financial statements”, the Group did not have any other guarantees or other material contingent liabilities as at 30 June 2024.



# 18 MANAGEMENT DISCUSSION AND ANALYSIS

## PLEDGE OF ASSETS

As at 30 June 2024, the Group had pledged bank deposits of RMB865.1 million, equity tranche of RMB174.2 million, and certain supply chain assets with an aggregate carrying amount of RMB4,331.0 million to banks, third parties and an associate for facilities, loan facilitation platform in partnership with banks and derivative financial instruments (31 December 2023: pledged bank deposits of RMB866.5 million, wealth management products of RMB102.7 million, equity tranche of RMB63.0 million, investment property with carrying amount of RMB31.1 million, and certain supply chain assets with an aggregate carrying amount of RMB3,208.8 million to banks and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments).

## MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

On 28 February 2024, the Company entered into a collaboration agreement with 無錫市太湖新城資產經營管理有限公司 (Wuxi Taihu New City Asset Management Co., Ltd.\*) (“**Wuxi Taihu New City**”), WXGJ and other subsidiaries of the Company (the “**Collaboration Agreement**”), pursuant to which, among others, Wuxi Taihu New City subscribed RMB569.4 million of the capital increase in WXGJ, and the parties agreed to provide financial assistance and guarantees pursuant to the terms of the Collaboration Agreement. The Group’s total indirect equity interest in WXGJ had been diluted from 80% to 49% and WXGJ ceased to become a subsidiary of the Group. Details of the capital increase and terms of the Collaboration Agreement are disclosed in the Company’s announcements dated 28 February 2024 and 20 March 2024 and the Company’s circular dated 24 April 2024.

In March 2024, the Group de-registered 霍爾果斯永卓商業保理有限公司 (Khorgos Yong Zhuo Factoring Limited\*).

## SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2024, the Group did not make any significant investments.

## FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group aims to become the most reliable supply chain technology platform in Asia under the “Dual-Engine, One-Platform” strategy announced in January 2021. To achieve this goal, the Group will continue to explore initiatives to acquire technological capabilities, more comprehensive data insights and open new markets to capitalize on the burgeoning demand for supply chain financial services. Meanwhile, the Group will continue its investment in the key strategic areas, inter alia, industrial digitalisation and digital finance, to further strengthen the Group’s platform-based technology services and market position within the supply chain ecosystem. SY is also continuously focusing on and researching national strategic and emerging industries such as new energy, new infrastructure, e-commerce. Going forward, SY will further strengthen collaboration with outstanding regional SOEs and embed itself into their supply chain ecosystems to efficiently reach more local customers and contribute to the development of the real economy.

## FOREIGN EXCHANGE RISKS

The Group’s exposure to foreign currency risk relates primarily to cash and cash equivalents, pledged bank deposits, other receivables, equity instruments at FVTOCI, other financial assets at FVTPL, other financial liabilities at FVTPL, trade and other payables, borrowings and lease liabilities that are denominated in HK\$, US\$ and S\$. The Group has entered into cross currency swap contracts and foreign currency forward contracts during the period to manage its foreign currency risk exposures arising from certain variable-rate bank borrowings denominated in HK\$ and US\$. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.



# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 361 staff (As at 31 December 2023: 358 staff). Total staff costs (including Directors' emoluments) were approximately RMB81.9 million (including share option benefits RMB5.1 million and RSU benefits RMB0.9 million) for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB71.8 million, including share option benefits RMB0.6 million and RSU benefits RMB0.7 million). Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. In light of the Group's continuous strive to maintain its market position, recruitment and retention of talent is of paramount importance to the future development of the Group. Therefore, the Group is committed to continuously enhancing and optimizing its remuneration and benefits policies to remain competitive. A comprehensive incentive plan has been adopted to reward existing and retain new senior management members and employees. Year-end bonuses are based on individual performance and are paid to employees as recognition of and reward for their contributions. Other benefits include contributions to the statutory mandatory provident fund scheme and social insurance together with housing provident funds for the employees in the PRC (including Mainland China and Hong Kong SAR) and Singapore, respectively.

The Group adopted the 2017 Share Option Scheme, restricted share unit scheme and a new share scheme to reward existing and retain new members and employees. Details are set out under the paragraph headed "2017 Share Option Scheme", "Restricted Share Unit Scheme" and "Share Scheme" in this interim report.

Employees in Mainland China are covered by the mandatory social security schemes operated by the PRC Government. The Group is required by the PRC laws to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits.

In Hong Kong SAR of China, the Group participates in a Mandatory Provident Fund Scheme (the "**MPF Scheme**") established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees' relevant monthly income subject to a cap, which is currently set at HK\$1,500.

In Singapore, the Group participates in a defined contribution scheme which is administered by the Central Provident Fund ("**CPF**") Board in Singapore. Under the CPF, the employer and the employees are each required to make contributions to the fund at the applicable rates of the eligible employees' salaries.

## RECENT DEVELOPMENT OF REGULATORY FRAMEWORK

There was no significant change of the regulatory framework which would have material adverse impact on the Group's business and operations during the six months ended 30 June 2024.

The Directors confirmed that the Group will be able to comply with the applicable laws.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to provisions set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange, were as follows:

#### Interest in the Company

Name of Director	Capacity/nature of interest	Number and class of securities interested	Percentage of shareholding
Mr. Tung Chi Fung (Note 1)	Beneficiary of a trust and settlor of a discretionary trust	560,601,960 (L) (Note 2)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L) (Notes 2 and 3)	0.04%
Mr. Chen Jen-Tse	Beneficial owner	581,000 (L) (Note 2)	0.06%
	Share option	1,700,000 (Note 4)	0.17%
Mr. Lo Wai Hung	Beneficial owner	360,000 (L) (Note 2)	0.04%
Mr. Loo Yau Soon	Share option	300,000 (Note 4)	0.03%
Mr. Fong Heng Boo	Share option	300,000 (Note 4)	0.03%

Notes:

1. Wisdom Cosmos Limited (“**Wisdom Cosmos**”), a company incorporated in the British Virgin Islands (“**BVI**”), is the beneficial owner of 560,601,960 shares of the Company, representing approximately 56.72% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander Limited (“**Eander**”), a company incorporated in the BVI, which is in turn wholly owned by TMF (Cayman) Ltd (“**TMF Trust**”), trustee of the Pak Jeff Trust (“**PJ Trust**”), an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
2. The letter “L” denotes long position of the shares of the Company.
3. As at 30 June 2024, the Company repurchased an aggregate of 444,500 shares for holding as treasury shares. As such, Wisdom Cosmos, Eander, TMF Trust and Mr. Tung as controlling shareholders of the Company are taken to have an interest in 444,500 treasury shares of the Company, representing approximately 0.04% shareholding interests in the Company.
4. This refers to the number of underlying Shares covered by its 2017 Share Option Scheme adopted on 19 June 2017.

Save as disclosed herein, as at 30 June 2024, none of the Directors or chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange.



# CORPORATE GOVERNANCE AND OTHER INFORMATION 21

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

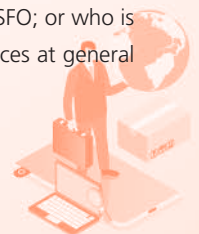
As at 30 June 2024, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/ nature of interest	Number and class of securities interested (Note 1)	Percentage of shareholding
TMF Trust (Notes 2 and 3)	Trustee	560,601,960 (L)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L)	0.04%
Eander (Notes 2 and 3)	Interest in a controlled corporation	560,601,960 (L)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L)	0.04%
Wisdom Cosmos (Notes 2 and 3)	Beneficial owner	560,601,960 (L)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L)	0.04%
Wuxi Communications Industry Group Co., Ltd (“WXCIG”) (Note 4)	Interest in a controlled corporation	61,363,500 (L)	6.21%
Xitong International Holdings (HK) Limited (“Xitong”) (Note 4)	Beneficial owner	61,363,500 (L)	6.21%

Notes:

- The letter “L” denotes long position of the shares of the Company.
- Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 560,601,960 shares of the Company, representing approximately 56.72% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
- As at 30 June 2024, the Company repurchased an aggregate of 444,500 shares for holding as treasury shares. As such, Wisdom Cosmos, Eander, TMF Trust and Mr. Tung as controlling shareholders of the Company are taken to have an interest in 444,500 treasury shares of the Company, representing approximately 0.04% shareholding interests in the Company.
- Xitong, a company incorporated in Hong Kong, is the beneficial owner of 61,363,500 shares of the Company, representing approximately 6.21% shareholding interests in the Company. The entire issued share capital of Xitong is owned by WXCIG, a company incorporated in the PRC, which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of Wuxi Municipal People’s Government. Under the SFO, WXCIG and Xitong are deemed to be interested in all the shares of the Company registered in the name of Xitong.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### 2017 SHARE OPTION SCHEME

On 19 June 2017, the sole shareholder of the Company adopted the share option scheme (the “**2017 Share Option Scheme**”) by way of written resolution which became effective on 6 July 2017 (the “**Listing Date**”). At the annual general meeting of the Company held on 21 May 2024, the Shareholders of the Company approved the termination of the 2017 Share Option Scheme and the new share scheme becoming effective (the “**2024 Share Scheme**”).

A summary of the 2017 Share Option Scheme is set out below for reference. For further details, please refer to the prospectus of the Company dated 26 June 2017.

#### (a) Purpose of the 2017 Share Option Scheme

The 2017 Share Option Scheme enables the Company to grant options to subscribe for Shares granted pursuant to the 2017 Share Option Scheme (the “**Options**”) to any full-time or part-time employee of the Company or any member of the Group, including any Executive, Non-executive Directors and Independent Non-executive Directors (the “**INEDs**”), advisors, consultants, professionals, customers, suppliers, agents or partners of the Company or any of the subsidiaries (“**Eligible Persons**”) as incentives or rewards for their contributions to the Group.

#### (b) Who may join and basis of eligibility

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK\$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than 28 days from the date on which the Option is granted. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the Independent Non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

#### (c) Grant of Option

The total number of Shares issued and to be issued upon exercise of the Options granted to an Eligible Person who accepts or is deemed to have accepted the offer of any Option in accordance with the terms of the 2017 Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Participant (the “**Participant**”) under the 2017 Share Option Scheme and any other 2017 Share Option Schemes adopted by the Group from time to time pursuant to which options to subscribe for Shares may be granted (“**Other Schemes**”) (including both exercised and outstanding Options) in any 12-month period must not exceed 1% of the Shares in issue from time to time, and provided that if approved by Shareholders in general meeting with such Participant and his close associates (or his associates if the participant is a connected person) abstaining from voting, the Company may make a further grant of Options to such Participant (the “**Further Grant**”) notwithstanding that the Further Grant would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted under the 2017 Share Option Scheme and Other Schemes to such Participant (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of the Further Grant representing in aggregate over 1% of the Shares in issue from time to time. In relation to the Further Grant, the Company must send a circular to the Shareholders, which discloses the identity of the relevant Participant, the number and the terms of the Options to be granted (and Options previously granted to such Participant under the 2017 Share Option Scheme and Other Schemes) and the information required under the Listing Rules. The number and terms (including the exercise price) of Options which is the subject of the Further Grant shall be fixed before the relevant Shareholders’ meeting and the date of meeting of the Board for proposing the Further Grant should be taken as the date of grant for the purpose of calculating the relevant subscription price.





# CORPORATE GOVERNANCE AND OTHER INFORMATION 23

## (d) Price of Shares

The subscription price for the Shares subject to Options will be a price determined by the Board and notified to each Participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the Options, which must be a day on which trading of Shares take place on the Stock Exchange ("**Trading Day**"); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the Options; and (iii) the nominal value of a Share. For the purpose of calculating the subscription price, in the event that on the date of grant, the Company has been listed for less than five Trading Days, the Offer Price shall be used as the closing price for any Trading Day falling within the period before the Listing Date.

## (e) Maximum number of Shares

- (i) The total number of Shares which may be issued upon the exercise of all Options to be granted under the 2017 Share Option Scheme and Other Schemes must not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (the "**Scheme Mandate Limit**") provided that Options lapsed in accordance with the terms of the 2017 Shares Option Scheme or Other Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit. On the basis of 740,000,000 Shares in issue on the Listing Date, the Scheme Mandate Limit will be equivalent to 74,000,000 Shares, representing 10% of the Shares in issue as at the Listing Date and approximately 7.49% of the Shares in Issue (excluding treasury shares) as at the date of this interim report.
- (ii) Notwithstanding the foregoing, the Company may not grant any Options if the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2017 Share Option Scheme and Other Schemes exceeds 30% of the Shares in issue from time to time.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the 2017 Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

On 11 September 2017, the Company granted 12,620,000 share options to a director and the employees of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$4.20 per share and for a validity period of 5 years. Among the share options granted, 2,000,000 granted options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company. All share options granted in 2017 have expired after 10 September 2022.

On 14 November 2018, the Company granted 8,970,000 share options to the directors, employees and other eligible persons of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$6.90 per share and for a validity period of 5 years. Among the share options granted, 1,000,000 share options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company. Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon and Mr. Tsoon Wai Mun, Benjamin, the INEDs of the Company as at the date of such grant, were granted 200,000 share options each (600,000 share options in total). All share options granted in 2018 have expired after 13 November 2023.

On 15 July 2020, the Company granted 17,400,000 share options to the directors, employees and other eligible persons of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$6.68 per share and for a validity period of 5 years. Among the share options granted, 3,000,000 and 400,000 share options were granted to Mr. Tung Chi Fung and Mr. Chen Jen-Tse respectively, the Executive Directors of the Company. Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Tsoon Wai Mun, Benjamin and Mr. Fong Heng Boo, the INEDs of the Company as at the date of such grant, were granted 300,000 share options each (1,200,000 share options in total).

On 10 June 2022, the Company granted 11,000,000 share options to a director and the employees of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK\$6.46 per share and for a validity period of 10 years. Among the share options granted, 1,500,000 granted options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company.

The grant of granted options to the abovementioned Director has been approved by the INEDs pursuant to the Listing Rules. Save as disclosed above, none of the other grantees is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or any of their respective associate(s) (as defined under the Listing Rules) as at the date of grant.



# CORPORATE GOVERNANCE AND OTHER INFORMATION 25

The following shows the outstanding position as at 30 June 2024 with respect to their granted options granted under the 2017 Share Option Scheme:

	Date of grant	Exercise price	Vesting period	Exercise period	Outstanding at 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding at 30 June 2024
Mr. Chen Jen-Tse	15 July 2020	HK\$6.68	15/7/2020–14/7/2021	15/7/2021–14/7/2025	-	-	-	-	-	-
			15/7/2020–14/7/2022	15/7/2022–14/7/2025	-	-	-	-	-	-
			15/7/2020–14/7/2024	15/7/2024–14/7/2025	200,000	-	-	-	-	200,000
					200,000	-	-	-	-	200,000
Mr. Loo Yau Soon	15 July 2020	HK\$6.68	15/7/2020–14/7/2021	15/7/2021–14/7/2025	75,000	-	-	-	-	75,000
			15/7/2020–14/7/2022	15/7/2022–14/7/2025	75,000	-	-	-	-	75,000
			15/7/2020–14/7/2024	15/7/2024–14/7/2025	150,000	-	-	-	-	150,000
					300,000	-	-	-	-	300,000
Mr. Fong Heng Boo	15 July 2020	HK\$6.68	15/7/2020–14/7/2021	15/7/2021–14/7/2025	75,000	-	-	-	-	75,000
			15/7/2020–14/7/2022	15/7/2022–14/7/2025	75,000	-	-	-	-	75,000
			15/7/2020–14/7/2024	15/7/2024–14/7/2025	150,000	-	-	-	-	150,000
					300,000	-	-	-	-	300,000
Employees	15 July 2020	HK\$6.68	15/7/2020–14/7/2021	15/7/2021–14/7/2025	1,987,500	-	-	-	-	1,987,500
			15/7/2020–14/7/2022	15/7/2022–14/7/2025	2,112,500	-	-	-	-	2,112,500
			15/7/2020–14/7/2024	15/7/2024–14/7/2025	4,325,000	-	-	-	-	4,325,000
					8,425,000	-	-	-	-	8,425,000
Mr. Chen Jen-Tse <sup>note 3</sup>	10 June 2022	HK\$6.46	10/6/2022–9/6/2024	10/6/2026–9/6/2032	375,000	-	-	-	-	375,000
			10/6/2022–9/6/2024	10/6/2026–9/6/2032	375,000	-	-	-	-	375,000
			10/6/2022–9/6/2025	10/6/2027–9/6/2032	750,000	-	-	-	-	750,000
					1,500,000	-	-	-	-	1,500,000
Employees <sup>note 3</sup>	10 June 2022	HK\$6.46	10/6/2022–9/6/2024	10/6/2024–9/6/2032	1,225,000	-	-	(100,000)	-	1,125,000
			10/6/2022–9/6/2024	10/6/2024–9/6/2032	1,225,000	-	-	(100,000)	-	1,125,000
			10/6/2022–9/6/2025	10/6/2025–9/6/2032	2,450,000	-	-	-	-	2,450,000
					4,900,000	-	-	(200,000)	-	4,700,000

Note 1: No options were exercised or vested during the period. Therefore, the weighted average closing price of the shares immediately before the dates on which the options or awards were exercised or vested pursuant to Rule 17.07(1) (d) is not available.

Note 2: The share options granted to certain employees can not be exercised during the first one or two years from the end of the vesting period.

Note 3: Mr. Chen Jen-Tse and the senior managers have to achieve the performance target set by the Board from time to time on both the Group's level relating to the Group's net profits and the individual level relating to the KPIs set for them with reference to their positions, roles and responsibilities and the Group's expectation on their contribution.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

During the six months ended 30 June 2024, (i) no share options were granted; (ii) 15,425,000 granted options were outstanding; (iii) no granted options were exercised; (iv) 200,000 granted options were lapsed; and (v) no granted options were cancelled under the 2017 Share Option Scheme.

Pursuant to Rule 17.07(1)(c) of the Listing Rules, the closing prices of the Shares immediately before 15 July 2020 and 10 June 2022, being the dates on which the share options were granted pursuant to the 2017 Share Option Scheme, were HK\$6.60 and HK\$6.32 respectively.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the 2017 Share Option Scheme as at 1 January 2024 and 30 June 2024 were 47,712,500 and nil, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for issue under the 2017 Share Option Scheme and remained outstanding is 63,337,500 Shares, representing approximately 6.41% of the 987,886,000 ordinary Shares of the Company in issue (excluding treasury shares) as at the date of this interim report.

Following the termination of the 2017 Share Option Scheme, no further options will be granted thereunder. None of the share options granted under the 2017 Share Option Scheme will become void or non-exercisable as a result of the termination of the 2017 Share Option Scheme.

### RESTRICTED SHARE UNIT (“RSU”) SCHEME

On 6 April 2022 (the “**Adoption Date**”), the Board approved the adoption of the restricted share unit scheme (the “**RSU Scheme**”). On 21 March 2024, the Board approved the termination of the RSU Scheme upon the 2024 Share Scheme being approved by the Shareholders of the Company at the 2024 annual general meeting and becoming effective, being 21 May 2024.

A summary of the RSU Scheme is set out below for reference. For further details, please refer to the announcement of the Company dated 6 April 2022.

#### (a) Purpose of the RSU Scheme

The purposes of the RSU Scheme are to (i) to recognize the contributions by the Grantees and to give incentives 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.

#### (b) Who may join and basis of eligibility

Person(s) eligible to receive awards of RSU (“**Awards**”) under the RSU Scheme including who could be existing and former employees, directors or officers of the Company, PRC Operational Entity or other companies in the Group, or any other person selected by the Board or the Remuneration Committee at its sole discretion from time to time.



# CORPORATE GOVERNANCE AND OTHER INFORMATION 27

## (c) Maximum number of RSUs

- (i) Subject to the renewal of the scheme limit, no Award shall be granted pursuant to the RSU Scheme if as a result of such grant (assumed accepted), the aggregate number of Shares underlying all grants made pursuant to the RSU Scheme (excluding Awards that have lapsed or been cancelled in accordance with the rules of the RSU Scheme) shall exceed 2% of the number of Shares in issue as of the Adoption Date (the “**Scheme Mandate Limit**”). On the basis of 1,004,628,500 Shares in issue on the Adoption Date, the Scheme Mandate Limit will be equivalent to 20,092,570 Shares, representing 2% of the Shares in issue as at the Adoption Date and approximately 2.03% of the Shares in issue (excluding treasury shares) as at the date of this interim report.
- (ii) The maximum number of Shares which may be awarded to any one Selected Persons under the Scheme may not exceed 1% of the issued share capital of the Company under the RSU Scheme.

## (d) Duration and time of RSUs

Subject to any alteration and amendment of the RSU Scheme, the RSU Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Awards shall be granted or accepted, but the provisions of the RSU Scheme shall remain in full force and effect in order to give effect to the vesting of Awards granted and accepted prior to the expiration of such period.

The Board or the Remuneration Committee has the sole discretion to determine the vesting schedule and vesting criteria (if any) for any grant of Award(s) to any Grantee, which may also be adjusted and redetermined by the Board from time to time.

## (e) Grant of RSUs

On and subject to the rules of the RSU Scheme and all applicable laws and other regulations, the Board or the Remuneration Committee may, within the Scheme Period, determine the Selected Persons to participate the RSU Scheme. The Board or the Remuneration Committee shall, after the selection process, inform the RSU Trustee of the name(s) of the Selected Person(s), the number of Shares underlying the Award(s) to be granted to each of the Selected Person(s), the vesting schedule of the Award(s) and other terms and conditions (if any) that the Award(s) are subject to as determined by the Board or the Remuneration Committee.

Subject to limitations and conditions of the RSU Scheme, the RSU Trustee shall, upon receipt of the notification from the Board or the Remuneration Committee, grant to each of the Selected Persons an offer of grant of Award(s) by way of a grant letter, subject to the conditions that the Board or the Remuneration Committee thinks fit.

Upon the receipt from the Selected Person of a duly executed acceptance notice and the relevant payment, the Award(s) is granted to the Selected Person, who becomes a Grantee in the RSU Scheme.

On 10 June 2022, the Company granted 1,340,000 RSUs to the employees of the Group representing 1,340,000 underlying ordinary shares of the Company and no RSUs were granted to any Directors of the Company under the RSU Scheme.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, none of the grantees is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or any of their respective associate(s) (as defined under the Listing Rules) as at the date of grant. Movements of RSU Scheme during the six months ended 30 June 2024 are as follows:

Grantee	Date of grant	Vesting period	Outstanding at 1 January 2024	Granted during period	Lapsed during period	Cancelled during the period	Vested during period	Outstanding at 30 June 2024
Employees	10 June 2022	10/6/2022–9/6/2024	270,000	–	(25,000)	–	(245,000)	–
		10/6/2022–9/6/2024	270,000	–	(25,000)	–	(245,000)	–
		10/6/2022–9/6/2025	540,000	–	(30,000)	–	–	510,000
			1,080,000	–	(80,000)	–	(490,000)	510,000

Note:

The weighted average closing price of the shares immediately before the dates on which the RSUs were exercised or vested pursuant to Rule 17.07(1)(d) is HK\$4.23.

During the six months ended 30 June 2024, (i) no RSUs were granted; (ii) 510,000 granted RSUs were outstanding under the RSU scheme; (iii) 490,000 granted RSUs were vested; (iv) 80,000 granted RSUs were lapsed; and (v) no granted RSUs were cancelled under the RSU Scheme.

Pursuant to Rule 17.07(1) of the Listing Rules, the closing prices of the Shares immediately before 10 June 2022, being the date on which the RSUs were granted, was HK\$6.32.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of RSUs available for grant under the RSU scheme as at 1 January 2024 and 30 June 2024 were 19,012,570 and nil, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the RSU Scheme is 19,602,570 Shares, representing approximately 1.98% of the 987,886,000 ordinary Shares of the Company in issue (excluding treasury shares) as at the date of this interim report.

Following the termination of the RSU Scheme, no further RSUs will be granted thereunder. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.



# CORPORATE GOVERNANCE AND OTHER INFORMATION 29

## SHARE SCHEME

The principal terms of the 2024 Share Scheme are set out in the circular of the Company dated 29 April 2024. No share options have been granted under the 2024 Share Scheme since becoming effective on 21 May 2024, therefore, a maximum number of 98,975,000 Shares are available for grant and issue under the 2024 Share Scheme, representing approximately 10.02% of the Shares in issue (excluding treasury shares) as at the date of this interim report.

Save for the adoption of the 2024 Share Scheme as disclosed in the circular and announcement of the Company dated 29 April 2024 and 21 May 2024 respectively, no new share awards have been granted nor any existing share schemes have been adopted by the Company as at 30 June 2024.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 30 June 2024, the remaining life of the 2024 Share Scheme is about 9 years and 10 months old.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of shares that may be issued in respect of share options, RSUs and/or awards granted under the 2017 Share Option Scheme, the RSU Scheme and the 2024 Share Scheme during the six months ended 30 June 2024 divided by the weighted average number of shares of the relevant class in issue (excluding treasury shares) for the same period was 8.39%.

Information on the fair value of and accounting policy for share options, RSUs and/or awards granted under the schemes are provided in note 24 to the consolidated financial statements.

Apart from the aforesaid, at no time during the six months ended 30 June 2024 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

During the six months ended 30 June 2024, the Company repurchased 1,562,000 shares on the Stock Exchange for an aggregate consideration of approximately HKD6.74 million before expenses. The shares repurchased before 11 June 2024 were subsequently cancelled, while the 444,500 shares repurchased from 17 June 2024 to 24 June 2024 are held by the Company as treasury shares. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the six months ended 30 June 2024	No. of shares purchased	Purchase consideration per share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	429,000	4.42	4.13	1,826,105
February	64,500	4.47	4.40	285,075
April	500,000	4.30	4.21	2,095,025
May	124,000	4.41	4.28	533,955
June	444,500	4.55	4.53	1,999,415
<b>TOTAL</b>	<b>1,562,000</b>			<b>6,739,575</b>

Save as above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares) during the six months ended 30 June 2024.

As at 30 June 2024, the Company held 444,500 treasury shares, representing approximately 0.04% of the Company's shares in issue. The Company intends to use the treasury shares, when the Company considers to be necessary and expedient, for (i) the settlement of the underlying shares upon the exercise and/or vesting of share awards pursuant to the share schemes adopted by the Company; (ii) the settlement of part of or total considerations of transactions conducted by the Group from time to time; and (iii) the sale of treasury shares subject to the compliance with the Listing Rules.

### DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

For the six months ended 30 June 2024, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the provisions set out in Appendix C3 of the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions adopted by the Company during the period from the Listing Date to the date of this interim report.



# CORPORATE GOVERNANCE AND OTHER INFORMATION 31

## CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 30 June 2024, there is no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all liabilities (to the fullest extent permitted by the Companies Ordinance) which he may incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has taken out insurance against all liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

## MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the first half of 2024.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this interim report, at least 25% of the Company's total issued Shares was held by the public throughout the six months ended 30 June 2024 and thereafter up to the date of this interim report.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

## TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders of the Company by reason of their holding of the Company's securities.

## CORPORATE GOVERNANCE

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Group will continue to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and the associated Listing Rules (the "CG Code").

The shares of the Company were successfully listed on GEM on 6 July 2017 (the "Listing Date") and were transferred to the Main Board on 24 October 2019. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the period from the Listing Date to 30 June 2024.





## 32 CORPORATE GOVERNANCE AND OTHER INFORMATION

### Continuing disclosure under Rule 13.22 of the Listing Rules

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance given by the Group and guarantee given by the Group for facilities granted to them, and the Group's attributable interests in those affiliated companies as at 30 June 2024, are presented as follows:

	<b>Combined statement of financial position (RMB'000)</b>	<b>The Group's attributable interests (RMB'000)</b>
<b>Non-current assets</b>	55,664	22,344
<b>Current assets</b>	17,637,500	7,138,823
<b>Current liabilities</b>	(14,093,670)	(5,681,329)
<b>Total assets less current liabilities</b>	3,599,494	1,479,838
<b>Non-current liabilities</b>	(988,572)	(400,845)
<b>Net assets</b>	2,610,922	1,078,993

The combined statement of financial position of the affiliated companies was prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies and regrouping into significant classification in the statement of financial position, as at 30 June 2024.

### AUDIT COMMITTEE

The Company established the Audit Committee on 19 June 2017 with written terms of reference in compliance with Rules 3.21 to 3.24 of the Listing Rules and paragraph D.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee the internal control and risk management procedures of the Company. The Audit Committee currently consists of three members, namely Mr. Tang King San Terence, Mr. Loo Yau Soon and Mr. Fong Heng Boo. The Chairman of the Audit Committee is Mr. Tang King San Terence.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024 and the interim report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

The Company's independent auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".



# CORPORATE GOVERNANCE AND OTHER INFORMATION 33

## EVENT AFTER THE REPORTING PERIOD

On 9 July 2024, Sheng Ye International Capital Limited (a direct wholly-owned subsidiary of the Company) (the “**Purchaser**”), the Company and Future Gold Enterprises Limited (the “**Vendor**”) entered into the share purchase agreement (the “**Agreement**”), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, all the issued shares of Great Style Holdings Limited (the “**Target Company**”), at a closing consideration of RMB300 million. Subject to the satisfaction of the performance targets of the Target Company in 2024 and 2025, the Purchaser has agreed to pay an additional contingent consideration of up to RMB500 million in aggregate. Details of Agreement are disclosed in the Company’s announcement dated 9 July 2024.

Save for the event disclosed above and in note 28 of the consolidated financial statements, the Company had no other significant subsequent event after reporting period.

By order of the Board  
**SY Holdings Group Limited**  
**Tung Chi Fung**  
*Chairman*

Hong Kong SAR, China, 20 August 2024

*The English transliteration of the Chinese name(s) in this interim report, where indicated with “\*”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

*Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.10 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.*

*If there is any inconsistency in this interim report between the Chinese and English versions, the English version shall prevail.*



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



# Deloitte.

TO THE BOARD OF DIRECTORS OF SY HOLDINGS GROUP LIMITED

盛業控股集團有限公司

(incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the condensed consolidated financial statements of SY Holdings Group Limited (the “Company”) and its subsidiaries set out on pages 35 to 86, which comprise the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

20 August 2024

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from platform-based technology services</i>	4	153,779	84,064
<i>Income from digital financing solutions</i>	4		
– Interest income from supply chain assets		257,652	344,407
– Guarantee income		16,469	9,570
– Interest income from contracts containing significant financing components		917	977
<i>Gain on sales of supply chain assets</i>	4	7,233	55,818
<b>Revenue and income from principal activities</b>		<b>436,050</b>	<b>494,836</b>
Other income	5	38,165	38,340
Other gains and losses	6	27,153	6,347
Staff costs	9(a)	(69,127)	(60,457)
Depreciation and amortisation	9(a)	(15,003)	(15,678)
Other costs and operating expenses	9(a)	(24,138)	(41,843)
Impairment losses under expected credit loss (“ECL”) model, net of reversal	17	(21,285)	4,633
Finance costs	7	(185,414)	(200,021)
Donation	9(a)	–	(2,206)
Share of profit of associates		40,702	5,051
<b>Profit before taxation</b>		<b>227,103</b>	<b>229,002</b>
Taxation	8	(61,977)	(41,996)
<b>Profit for the period</b>	9(a)	<b>165,126</b>	<b>187,006</b>
Attributable to:			
– Owners of the Company		155,322	174,862
– Non-controlling interests		9,804	12,144
		<b>165,126</b>	<b>187,006</b>
Earnings per share	11		
– Basic (RMB cents)		16	18
– Diluted (RMB cents)		16	18

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

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Profit for the period</b>	9(a)	<b>165,126</b>	187,006
<b>Other comprehensive income (expense) ("OCI"):</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through OCI ("FVTOCI")		<b>381</b>	4,220
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<b>54</b>	(76)
Fair value gain, net of ECL, and reclassification of FVTOCI reserves upon derecognition on:			
– supply chain assets at FVTOCI	9(b)	<b>(1,058)</b>	4,131
Income tax relating to items that may be reclassified subsequently		<b>265</b>	(899)
Share of other comprehensive income of associates, net of related income tax		<b>173</b>	330
Release to profit or loss in relation to disposal of subsidiaries		<b>3,145</b>	–
Other comprehensive income for the period, net of income tax		<b>2,960</b>	7,706
Total comprehensive income for the period		<b>168,086</b>	194,712
Attributable to:			
– Owners of the Company		<b>162,724</b>	181,089
– Non-controlling interests		<b>5,362</b>	13,623
		<b>168,086</b>	194,712

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Non-current assets</b>			
Property and equipment	12	127,947	68,264
Right-of-use assets		97,632	102,973
Investment property		30,612	31,053
Goodwill	12	–	316,028
Intangible assets	12	59,783	168,611
Investments in associates	13	1,352,130	582,968
Deferred tax assets	14	8,942	18,163
Other financial assets at fair value through profit or loss (“FVTPL”)	15(b)	419,844	414,041
Supply chain assets at FVTOCI	16	9,563	126,889
Equity instruments at FVTOCI		63,179	61,498
Loans to an associate	26	280,000	280,000
Trade and bill receivables	18(a)	20,765	23,429
Other receivables, prepayments and others	18(b)	11,810	8,315
		<b>2,482,207</b>	<b>2,202,232</b>
<b>Current assets</b>			
Derivative financial instruments	15(a)	5,894	14,063
Other financial assets at FVTPL	15(b)	365,255	202,036
Supply chain assets at FVTOCI	16	5,710,692	7,536,455
Debt instrument at amortised cost		–	18,968
Loans to an associate	26	95,361	89,727
Receivables from guarantee customers		6,117	6,412
Trade and bill receivables	18(a)	29,783	46,509
Other receivables, prepayments and others	18(b)	44,876	49,119
Contract costs		1,421	557
Time deposits		22,146	128,830
Pledged bank deposits		865,126	866,450
Cash and cash equivalents		741,054	658,210
		<b>7,887,725</b>	<b>9,617,336</b>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024



	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>Current liabilities</b>			
Loans from related parties	26	2,834,976	960,654
Trade and other payables	19	364,505	294,752
Derivative financial instruments	15(a)	1,985	9,579
Contract liabilities		69,559	58,995
Income tax payable		47,399	31,791
Liabilities arising from guarantee contracts	20	41,424	31,078
Borrowings	21	2,774,779	4,673,232
Other financial liabilities at FVTPL	15(c)	–	61,208
Lease liabilities		10,493	9,799
		<b>6,145,120</b>	<b>6,131,088</b>
<b>Net current assets</b>			
		<b>1,742,605</b>	<b>3,486,248</b>
<b>Non-current liabilities</b>			
Liabilities arising from guarantee contracts	20	4,916	1,316
Borrowings	21	265,046	1,546,754
Loans from related parties	26	–	2,299
Lease liabilities		5,683	10,170
Deferred tax liabilities	14	60,813	64,654
		<b>336,458</b>	<b>1,625,193</b>
<b>Net assets</b>			
		<b>3,888,354</b>	<b>4,063,287</b>
<b>Capital and reserves</b>			
Share capital	22	8,547	8,559
Reserves		3,839,657	3,918,007
Equity attributable to owners of the Company		<b>3,848,204</b>	<b>3,926,566</b>
Non-controlling interests		<b>40,150</b>	<b>136,721</b>
<b>Total equity</b>			
		<b>3,888,354</b>	<b>4,063,287</b>

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Capital reserves RMB'000	FVTOCI reserves/ Revaluation reserves RMB'000 (note i)	Translation reserves RMB'000	Share-based payments reserves RMB'000	Statutory reserves RMB'000 (note ii)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024 (unaudited)	8,559	(1,009)	2,109,563	(59,444)	(87,181)	24,745	(233)	24,416	321,086	1,586,064	3,926,566	136,721	4,063,287
Profit for the period	-	-	-	-	-	-	-	-	-	155,322	155,322	9,804	165,126
Other comprehensive income (expense) for the period	-	-	-	-	-	7,348	54	-	-	-	7,402	(4,442)	2,960
Total comprehensive income (expense) for the period	-	-	-	-	-	7,348	54	-	-	155,322	162,724	5,362	168,086
Purchase of shares under RSU Scheme	-	-	-	(2,188)	-	-	-	-	-	-	(2,188)	-	(2,188)
Repurchase of shares (note 22)	-	(6,124)	-	-	-	-	-	-	-	-	(6,124)	-	(6,124)
Cancellation of treasury stock (note 22)	(12)	5,315	(5,303)	-	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(742)	(742)
Disposal of subsidiaries (note 27)	-	-	-	-	-	-	-	-	-	-	-	(101,191)	(101,191)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	6,016	-	-	6,016	-	6,016
Dividends recognised as distribution (note 10)	-	-	(239,333)	-	-	-	-	-	-	-	(239,333)	-	(239,333)
Exercise of RSU	-	-	227	2,478	-	-	-	(2,162)	-	-	543	-	543
At 30 June 2024 (unaudited)	8,547	(1,818)	1,865,154	(59,154)	(87,181)	32,093	(179)	28,270	321,086	1,741,386	3,848,204	40,150	3,888,354



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	Attributable to owners of the Company												
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Capital reserves RMB'000	FVTOCI reserves/ Revaluation reserves RMB'000 (note i)	Translation reserves RMB'000	Share-based payments reserves RMB'000	Statutory reserves RMB'000 (note ii)	Retained profits RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2023 (unaudited)	8,717	-	2,272,342	(39,311)	1,775	15,064	(137)	25,933	216,115	1,415,694	3,916,192	207,497	4,123,689
Profit for the period	-	-	-	-	-	-	-	-	-	174,862	174,862	12,144	187,006
Other comprehensive income (expense) for the period	-	-	-	-	-	6,303	(76)	-	-	-	6,227	1,479	7,706
Total comprehensive income (expense) for the period	-	-	-	-	-	6,303	(76)	-	-	174,862	181,089	13,623	194,712
Purchase of shares under RSU Scheme	-	-	-	(10,693)	-	-	-	-	-	-	(10,693)	-	(10,693)
Repurchase of shares (note 22)	-	(90,794)	-	-	-	-	-	-	-	-	(90,794)	-	(90,794)
Cancellation of treasury stock (note 22)	(143)	87,671	(87,528)	-	-	-	-	-	-	-	-	-	-
Acquisition of additional interest in a subsidiary of the Company (note iii)	-	-	-	-	(89,231)	-	-	-	-	-	(89,231)	(38,566)	(127,797)
Disposal of partial interests in a subsidiary without losing control	-	-	-	-	275	-	-	-	-	-	275	23,725	24,000
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	1,303	-	-	1,303	-	1,303
Dividends recognised as distribution (note 10)	-	-	(68,549)	-	-	-	-	-	-	-	(68,549)	-	(68,549)
Lapse of share options	-	-	-	-	-	-	-	(917)	-	917	-	-	-
At 30 June 2023 (unaudited)	8,574	(3,123)	2,116,265	(50,004)	(87,181)	21,367	(213)	26,319	216,115	1,591,473	3,839,592	206,279	4,045,871

## Notes:

- (i) FVTOCI reserves attributable to owners of the Company represent (i) fair value changes, net of ECL and reclassification adjustments on FVTOCI after tax; (ii) share of FVTOCI reserves of an associate; (iii) investment revaluation reserves.
- (ii) Pursuant to the articles of association of the subsidiaries established in the People's Republic of China ("PRC"), they are required to appropriate 10% of their profit after taxation in accordance with the relevant accounting rules and financial regulations of the PRC before any distribution of dividends to owners each year to the statutory reserves until the balance reaches 50% of their registered capital.
- (iii) In January 2023, the Group acquired 49% additional interest in a non-wholly owned subsidiary of the Group at consideration of RMB127,797,000. Following completion of the transaction, the Group holds 100% equity interest in the subsidiary.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	<b>574,566</b>	633,920
INVESTING ACTIVITIES		
Proceeds from disposal of other financial assets at FVTPL	<b>910,072</b>	431,755
Repayments from loans to associates	<b>120,222</b>	150,500
Proceeds from time deposits	<b>107,766</b>	4,360
Redemption of a debt instrument at amortised cost	<b>19,000</b>	–
Payment for settlement of derivative financial instruments	<b>10,102</b>	(16,529)
Bank interest income received	<b>7,985</b>	4,837
Dividends received from associates	<b>6,465</b>	–
Repayment of a loan receivable	<b>6,264</b>	164,000
Interest received from loans to associates	<b>589</b>	1,200
Interest received from debt instrument at amortised cost	<b>479</b>	490
Guarantee income received from an associate	<b>263</b>	–
Proceeds from disposal of equipment	<b>4</b>	32
Dividends received from equity investments	<b>3</b>	–
Payments for refundable rental deposits	–	(53)
Placement of time deposits	–	(16,758)
Investment in an associate	–	(140,449)
Repayment of security deposit for a loan receivable	–	(164,000)
Construction related deposits received	–	4,000
Placement of pledged bank deposits for derivative financial instruments	<b>(31)</b>	–
Purchase of equity instruments at FVTOCI	<b>(1,300)</b>	(100)
Advances of a loan receivable	<b>(6,262)</b>	–
Payment for development costs and purchase of other intangible assets	<b>(12,415)</b>	(14,079)
Purchase of property and equipment	<b>(30,365)</b>	(13,615)
Advances of loans to an associate	<b>(105,000)</b>	(147,000)
Net cash outflow on disposal of subsidiaries (note 27)	<b>(206,936)</b>	–
Purchase of other financial assets at FVTPL	<b>(1,026,776)</b>	(466,300)
NET CASH USED IN INVESTING ACTIVITIES	<b>(199,871)</b>	(217,709)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>FINANCING ACTIVITIES</b>		
New borrowings raised	1,720,050	4,080,980
Loans raised from related parties	2,800,161	1,812,821
Withdrawal of pledged bank deposits for borrowings	503,397	211,358
Withdrawal of pledged wealth management products for bank borrowings	104,639	206,941
Proceeds received on exercise of RSU Scheme	543	–
Proceeds from other financial liabilities at FVTPL	–	92,115
Proceeds from disposal of partial interest in a subsidiary without losing control	–	23,000
Repayment of security deposits for borrowings	–	6,699
Temporary advance to a non-controlling shareholder of a subsidiary	–	(41,650)
Acquisition of additional interest in a subsidiary of the Company	–	(87,294)
Placement of wealth management products pledged for borrowings	–	(171,247)
Interest paid for lease liabilities	(529)	(584)
Purchase of shares under RSU Scheme	(2,188)	(10,693)
Repayment of lease liabilities	(4,864)	(6,169)
Payment on repurchase and cancellation of shares	(6,124)	(90,794)
Dividends paid to non-controlling shareholders of subsidiaries	(29,226)	–
Repayment of other financial liabilities at FVTPL	(63,902)	–
Interest paid for loans from related parties	(79,911)	(27,758)
Interest paid for borrowings	(110,253)	(170,975)
Dividends paid to the shareholders of the Company	(239,333)	–
Placement of pledged bank deposits for borrowings	(681,414)	(251,586)
Repayment of loans from related parties	(1,979,360)	(1,529,857)
Repayment of borrowings	(2,219,803)	(4,417,230)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(288,117)</b>	<b>(371,923)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>86,578</b>	<b>44,288</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	<b>658,210</b>	<b>577,033</b>
Effect of foreign exchange rate changes	(3,734)	(5,819)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>741,054</b>	<b>615,502</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### 1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On 28 February 2024, the Group entered into a capital injection agreement with the non-controlling shareholder of Wuxi Guojin Factoring Limited (“WXGJ”) which agreed to contribute a total of RMB569,400,000 into WXGJ, an indirectly-held subsidiary of the Company. Upon the completion of the transaction on 29 February 2024, the Group’s equity interest in WXGJ diluted from 80% to 49% with a loss of control.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

### 2.1 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group’s right to defer settlement for borrowings of RMB201,857,000 and RMB811,489,000 as at 1 January and 31 December 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group’s other liabilities.

## 3. SEGMENT INFORMATION

The chief operating decision maker (“CODM”), being the executive directors of the Company, have determined that no segment information is presented other than entity wide disclosures throughout the reporting period, as the Group is principally engaged in providing platform-based technology services, digital financing solutions and sales of supply chain assets services mainly in the PRC, and the CODM, reviews the condensed consolidated financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

The Company is an investment holding company and the principal place of the Group’s operation is mainly in the PRC. Most of the Group’s revenue, income and major non-current assets are principally derived from or located in the PRC.

## 4. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES

Revenue and income from principal activities for the period represents income received and receivable mainly from the provision of platform-based technology services, digital financing solutions and sales of supply chain assets in the PRC.

### (i) Disaggregation of revenue from platform-based technology services

	Six months ended 30 June	
	2024 RMB’000 (Unaudited)	2023 RMB’000 (Unaudited)
Technology service for loan facilitation	100,997	29,501
Referral service	50,913	37,687
Technology service for asset-backed securitisation (“ABS”) products	1,038	–
Supply chain technology services	57	16,651
Other services (note)	774	225
	<b>153,779</b>	<b>84,064</b>

Note: Other services primarily include income from providing accounts receivable management services without financing, including review and verification of documentation relating to the accounts receivable and collection of the accounts receivable on behalf of customers.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 4. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES (continued)

### (i) Disaggregation of revenue from platform-based technology services (continued)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Timing of revenue recognition</b>		
Over time		
– Technology service for loan facilitation	100,997	29,501
– Supply chain technology services	57	16,651
– Other services	774	225
	101,828	46,377
A point in time		
– Referral service	50,913	37,687
– Technology service for ABS products	1,038	–
	51,951	37,687
	153,779	84,064

### (ii) Income from digital financing solutions

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Digital financing solutions</i>		
– Interest income from supply chain assets	257,652	344,407
– Guarantee income	16,469	9,570
– Interest income from contracts containing significant financing components	917	977
	275,038	354,954

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 4. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES (continued)

### (iii) Gain on sales of supply chain assets

For the six months ended 30 June 2024 and 2023, the Group sold part of supply chain assets to certain financial institutions mainly in the PRC. Sales of supply chain assets gave rise to full derecognition of the supply chain assets pursuant to the terms of sale agreements signed between the Group and relevant financial institutions.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Gain on sales of supply chain assets	7,233	55,818

## 5. OTHER INCOME

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government subsidies (note)	17,735	25,721
Interest income		
– bank deposits	11,270	7,629
– loans to associates (note 26)	6,056	3,806
– debt instruments at amortised cost	411	471
– loan receivable	2	–
Rental income from an investment property	329	321
Guarantee income from an associate (note 26)	263	–
Dividends from equity instruments at FVTOCI		
– relating to investments held at the end of the reporting period	3	–
Others	2,096	392
	38,165	38,340

Note: The government subsidies will be mainly received unconditionally by the Company's subsidiaries in the PRC from local government in relation to the incentive policy and based on certain taxes paid or payable by the Company's PRC subsidiaries.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Net gain (loss) from changes in fair value of		
– other financial assets at FVTPL	25,113	6,410
– derivative financial instruments	7,587	20,373
– other financial liabilities at FVTPL	(2,694)	(14,260)
Gain on disposal of subsidiaries (note 27)	5,177	–
Gain from modification of lease contracts	25	–
Loss on disposal of equipment	(9)	–
Exchange loss, net	(7,764)	(5,952)
Others	(282)	(224)
	<b>27,153</b>	<b>6,347</b>

## 7. FINANCE COSTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest and guarantee expenses on borrowings (note)	112,915	167,386
Interest on loans from related parties (note 26)	71,970	32,051
Interest on lease liabilities (note)	529	584
	<b>185,414</b>	<b>200,021</b>

Note: Details of the guarantee expenses on borrowings and the interest on lease liabilities in relation to related parties are set out in note 26.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 8. TAXATION

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax (“EIT”)	65,801	53,074
– Withholding tax levied on dividend declared of a PRC subsidiary	–	2,000
– Withholding tax levied on interest income of a Hong Kong subsidiary	65	512
	65,866	55,586
Deferred tax (note 14)	(3,889)	(13,590)
	61,977	41,996

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group’s operation in Hong Kong had no assessable profit during both periods.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods. Certain PRC subsidiaries enjoy preferential tax rate of 15% according to approval from local tax bureau.

Withholding tax has been provided for the current interim period in the condensed consolidated financial statements, and details are set out in note 14.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 9. PROFIT FOR THE PERIOD/OTHER COMPREHENSIVE INCOME (EXPENSE)

### (a) Profit for the period

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Directors' emoluments	2,588	3,331
Other staff costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share-based payment expenses	73,032	62,706
– Staff's retirement benefit scheme contributions	6,293	5,731
Total staff costs	81,913	71,768
Less: amount capitalised in intangible assets	(12,276)	(10,843)
Less: amount capitalised in contract cost	(510)	(468)
Staff costs recognised in profit or loss	69,127	60,457
Depreciation of property and equipment	878	1,568
Depreciation of right-of-use assets	6,520	7,530
Depreciation of investment property	441	400
Amortisation of intangible assets	8,243	6,187
Total depreciation and amortisation	16,082	15,685
Less: amount capitalised in development costs	–	(7)
amount capitalised in buildings under construction	(1,079)	–
Depreciation and amortisation recognised in profit or loss	15,003	15,678
Research and development costs (note)	8,458	7,211
Materials cost recognised as an expense	30	15,411
Donation	–	2,206

Note: During the six months ended 30 June 2024, research and development costs mainly consist of staff costs amounted to RMB8,458,000 (six months ended 30 June 2023: RMB7,195,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 9. PROFIT FOR THE PERIOD/OTHER COMPREHENSIVE INCOME (EXPENSE) (continued)

### (b) Fair value of supply chain assets at FVTOCI in the FVTOCI reserves

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Supply chain assets measured at FVTOCI		
– Fair value changes during the period, net	6,175	59,949
– Reclassification adjustment to profit or loss on derecognition	(7,233)	(55,818)
	(1,058)	4,131

## 10. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the period:

	Six months ended 30 June	
	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
2023 final – HK26.9 cents (2023: 2022 final dividend HK7.5 cents) per share	262,566	74,349

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Shown in the condensed consolidated financial statements	239,333	68,549

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Earnings:</b>		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	155,322	174,862

	Six months ended 30 June	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	979,697	990,675
Effect of dilutive potential ordinary shares:		
Share options/RSU Scheme	260	541
Weighted average number of ordinary shares for the purpose of diluted earnings per share	979,957	991,216

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 12. MOVEMENTS IN PROPERTY AND EQUIPMENT/GOODWILL/INTANGIBLE ASSETS

During the current interim period, the Group: i) disposed of equipment with an aggregate carrying amount of RMB13,000 (six months ended 30 June 2023: RMB32,000) for cash proceeds of RMB4,000 (six months ended 30 June 2023: RMB32,000), resulting in a loss on disposal of RMB9,000 (six months ended 30 June 2023: nil), ii) incurred RMB60,047,000 (six months ended 30 June 2023: RMB11,810,000) for construction costs for a new office premise and RMB596,000 (six months ended 30 June 2023: RMB192,000) for acquisition of equipment, iii) incurred RMB12,276,000 (six months ended 30 June 2023: RMB13,915,000) development costs for development of online platform and acquired software system at a cash consideration of RMB139,000 (six months ended 30 June 2023: RMB171,000), iv) derecognised of goodwill and intangible assets of RMB316,028,000 and RMB113,000,000 respectively due to the deemed disposal of a subsidiary as detailed in note 27.

## 13. INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cost of investments in associates, unlisted	1,297,450	562,698
Share of post-acquisition profit, net of dividends received	54,610	20,373
Share of post-acquisition OCI	70	(103)
	<b>1,352,130</b>	<b>582,968</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 13. INVESTMENTS IN ASSOCIATES (continued)

Details of the Group's associates at the end of the reporting period are as follow:

Name of entities	Place of incorporation/ establishment	Particulars of authorised and paid up capital	Proportion of ownership interest/voting rights held by the Group as at		Principal activities
			30 June 2024	31 December 2023	
Hong Ji Factoring (Shenzhen) Limited <sup>#</sup> (弘基商業保理(深圳)有限公司) ("HJ") (note)	PRC	RMB100,000,000 RMB100,000,000	10%	10%	Provision of supply chain service
Guangxi Maojing Trading Co., Ltd <sup>#</sup> (廣西茂景商貿有限公司)("GXMJ")	PRC	RMB2,000,000 RMB1,000,000	20%	20%	Provision of trade service
Ningbo Guofu Commercial Factoring Co., Ltd <sup>#</sup> (寧波國富商業保理有限公司) ("NBGF")	PRC	RMB500,000,000 RMB500,000,000	35%	35%	Provision of supply chain service
Xiamen Xiangsheng Factoring Limited <sup>#</sup> (廈門象盛商業保理有限責任公司) ("XMXS")	PRC	RMB300,000,000 RMB300,000,000	43%	43%	Provision of supply chain service
Qingdao Haikong Factoring Limited <sup>#</sup> (青島海控商業保理有限公司) ("QDHK")	PRC	RMB527,000,000 RMB527,000,000	40%	40%	Provision of supply chain service
WXGJ (note 27)	PRC	RMB489,800,000 RMB489,800,000	49%	N/A	Provision of supply chain service

<sup>#</sup> English translated name is for identification purpose only.

Note: The Group is able to exercise significant influence over the entity because it has the power to appoint two out of three directors of the entity under the articles of association of the entity.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 14. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Deferred tax assets	8,942	18,163
Deferred tax liabilities	(60,813)	(64,654)
	<b>(51,871)</b>	<b>(46,491)</b>

The following are the major deferred tax assets (liabilities) recognised and movements thereon during both periods:

	Undistributed earnings of PRC subsidiaries RMB'000	Deferred income RMB'000	ECL provision RMB'000	Fair value adjustments RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2023 (audited)	(52,226)	(903)	23,900	(10,234)	1,223	(38,240)
Credit (charge) to profit or loss (note 8)	15,781	(674)	595	(887)	(1,225)	13,590
Charge to OCI	–	–	–	(899)	–	(899)
At 30 June 2023 (unaudited)	(36,445)	(1,577)	24,495	(12,020)	(2)	(25,549)
(Charge) credit to profit or loss	(6,656)	(17,368)	(651)	3,887	(72)	(20,860)
Credit to OCI	–	–	–	(82)	–	(82)
At 31 December 2023 (audited)	(43,101)	(18,945)	23,844	(8,215)	(74)	(46,491)
(Charge) credit to profit or loss (note 8)	(10,237)	10,447	5,635	(397)	(1,559)	3,889
Charge to OCI	–	–	–	265	–	265
Disposal of subsidiaries (note 27)	–	(686)	(7,181)	(1,645)	(22)	(9,534)
At 30 June 2024 (unaudited)	<b>(53,338)</b>	<b>(9,184)</b>	<b>22,298</b>	<b>(9,992)</b>	<b>(1,655)</b>	<b>(51,871)</b>

Note: Others represent deferred taxation arising from (i) leasing transactions where Amendments to HKAS 12 are adopted and (ii) accelerated amortisation of intangible assets.

Pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiaries. The Hong Kong subsidiaries of the Group enjoyed the preferential tax rate aforementioned. Accordingly, deferred tax liability has been provided for in the condensed consolidated financial statements in respect of the expected dividend stream from the PRC subsidiaries with the applicable tax rate of 5%.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 14. DEFERRED TAXATION (continued)

During six months ended 30 June 2023, a deferred tax liability of RMB25,414,000 in relation to certain PRC subsidiaries has been adjusted due to the undistributed earnings of these PRC subsidiaries converted to capital injection.

At 30 June 2024, the Company and Hong Kong subsidiaries had cumulative unutilised tax losses of RMB226,156,000 (31 December 2023: RMB227,676,000). No deferred tax asset has been recognised due to the unpredictability of future profit stream. Some of the unused tax losses can be carried forward indefinitely from the years in which the loss was originated to offset future taxable profits.

At 30 June 2024, the PRC subsidiaries had cumulative unutilised tax losses of RMB47,990,000 (31 December 2023: RMB35,869,000), out of which RMB47,990,000 (31 December 2023: RMB35,869,000) has not been recognised due to the unpredictability of future profit stream. Some of the unused tax losses can be carried forward up to five years from the years in which the loss was originated to offset future taxable profits.

## 15. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS AT FVTPL/OTHER FINANCIAL LIABILITIES AT FVTPL

### (a) Derivative financial instruments

	30 June 2024		31 December 2023	
	Assets RMB'000 (Unaudited)	Liabilities RMB'000 (Unaudited)	Assets RMB'000 (Audited)	Liabilities RMB'000 (Audited)
Foreign currency forward contracts	5,894	1,985	13,672	5,938
Interest rate swap contracts	–	–	391	1,822
Cross currency swap contracts	–	–	–	1,819
	5,894	1,985	14,063	9,579
Analysed for reporting purposes as:				
Current	5,894	1,985	14,063	9,579
	5,894	1,985	14,063	9,579

The above derivatives are measured at fair values at the end of the reporting period and changes in fair value are recognised in the profit or loss. Their fair values are determined by China Enterprise Appraisals Consultation Co., Ltd, an independent valuer, based on appropriate valuation techniques as detailed in note 25.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 15. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS AT FVTPL/OTHER FINANCIAL LIABILITIES AT FVTPL (continued)

### (b) Other financial assets at FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Unlisted investment funds (note)	264,204	245,351
Equity tranche (note)	318,381	190,962
Wealth management products	125,364	102,685
Unlisted equity investments (note)	75,550	75,550
Trust fund	1,600	1,529
	<b>785,099</b>	616,077
Analysed for reporting purposes as:		
Current assets	365,255	202,036
Non-current assets	419,844	414,041
	<b>785,099</b>	616,077

Note: Their fair values are determined by China Enterprise Appraisals Consultation Co., Ltd., and Ravia Global Appraisal Advisory Limited, independent valuers, based on appropriate valuation techniques as detailed in note 25.

### (c) Other financial liabilities at FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Structured notes (note)	–	61,208

Note: The fair value of the structured notes are linked to the yield of equity tranche issued by a third party. The Group irrevocably designates these financial liabilities as measured at FVTPL to eliminate an accounting mismatch.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 16. SUPPLY CHAIN ASSETS AT FVTOCI

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Supply chain assets at FVTOCI	5,720,255	7,663,344
Analysed for reporting purposes as:		
Current assets	5,710,692	7,536,455
Non-current assets	9,563	126,889
	<b>5,720,255</b>	<b>7,663,344</b>

As at 30 June 2024, the effective interest rates of the supply chain assets at FVTOCI range mainly from 6.00% to 15.00% (31 December 2023: 4.90% to 14.00%) per annum.

As at 30 June 2024, the gross carrying amount of supply chain assets of RMB6,895,000 is past due (31 December 2023: RMB2,551,000). When analysing the credit quality of supply chain assets at FVTOCI, the entire outstanding of balance of the supply chain assets is classified as past due in the event that instalments repayment of a supply chain asset at FVTOCI is past due.

Details of impairment assessment are set out in note 17.

## 17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Impairment losses recognised (reversed) on:		
– Supply chain assets at FVTOCI	9,105	(4,235)
– Financial guarantee contracts	12,388	(365)
– Receivables from guarantee customers	(5)	(24)
– Trade and bill receivables	(43)	–
– Loans to an associate	(60)	(9)
– Debt instrument at amortised cost	(100)	–
	<b>21,285</b>	<b>(4,633)</b>

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

As at 30 June 2024

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount/ exposure RMB'000 (Unaudited)	Impairment loss allowance RMB'000 (Unaudited)
Supply chain assets at FVTOCI	Low risk	12m ECL	1.05%	5,630,054	59,141
	Watch list	Lifetime ECL (not credit-impaired)	4.42%	138,634	6,121
	Loss	Lifetime ECL (credit-impaired)	15.56%	2,500	389
				5,771,188	65,651
<b>Financial assets at amortised cost</b>					
Cash and cash equivalents	AAA/BBB+	12m ECL	N/A	741,054	–
Pledged bank deposits	AAA/BBB+	12m ECL	N/A	865,126	–
Time deposits	A	12m ECL	N/A	22,146	–
Loans to an associate	Low risk	12m ECL	0.16%	375,971	610
Receivables from guarantee customers	Low risk	12m ECL	0.87%	6,085	53
	Watch list	Lifetime ECL (not credit-impaired)	3.41%	88	3
Trade and bill receivables	Low risk	Lifetime ECL (not credit-impaired)	0.86%	50,988	440
Other receivables	N/A	12m ECL	N/A	31,230	–
				2,092,688	1,106
<b>Financial guarantee contracts</b>					
In relation to third parties	Low risk	12m ECL	1.02%	3,034,626	31,071
	Watch list	Lifetime ECL (not credit-impaired)	3.61%	36,571	1,319
In relation to associates	Low risk	12m ECL	0.17%	6,334,604	10,456
				9,405,801	42,846

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

As at 31 December 2023

	External/ internal credit rating	12m or lifetime ECL	Average loss rate	Gross carrying amount/ exposure RMB'000 (Audited)	Impairment loss allowance RMB'000 (Audited)
Supply chain assets at FVTOCI	Low risk	12m ECL	1.07%	7,673,021	82,365
	Watch list	Lifetime ECL (not credit-impaired)	4.51%	64,459	2,907
	Loss	Lifetime ECL (credit-impaired)	N/A	–	–
				7,737,480	85,272
<b>Financial assets at amortised cost</b>					
Cash and cash equivalents	AAA/BBB+	12m ECL	N/A	658,210	–
Pledged bank deposits	AAA/BBB+	12m ECL	N/A	866,450	–
Time deposits	A	12m ECL	N/A	128,830	–
Debt instrument at amortised cost	Low risk	12m ECL	0.52%	19,068	100
Loans to an associate	Low risk	12m ECL	0.18%	370,397	670
Receivables from guarantee customers	Low risk	12m ECL	0.93%	6,458	60
	Watch list	Lifetime ECL (not credit-impaired)	6.67%	15	1
Trade and bill receivables	Low risk	Lifetime ECL (not credit-impaired)	0.69%	70,421	483
Other receivables	N/A	12m ECL	N/A	20,279	–
				2,140,128	1,314
<b>Financial guarantee contracts</b>					
In relation to third parties	Low risk	12m ECL	1.03%	2,507,028	25,739
	Watch list	Lifetime ECL (not credit-impaired)	3.80%	17,756	674
In relation to an associate	Low risk	12m ECL	0.17%	2,109,247	3,687
				4,634,031	30,100

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

The movements in the allowance for impairment in respect of supply chain assets at FVTOCI during the current interim period were as follows:

	12-month ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024 (unaudited)	82,365	2,907	–	85,272
Changes due to supply chain assets at FVTOCI recognised as at 1 January:				
– Transfer to 12-month ECL	953	(953)	–	–
– Transfer to lifetime ECL – not credit-impaired	(1,093)	1,093	–	–
– Transfer to lifetime ECL – credit-impaired	(13)	–	13	–
– Impairment losses, net of reversal	(54,687)	709	376	(53,602)
New financial assets purchased, net of settlement	57,163	5,544	–	62,707
Disposal of subsidiaries	(25,547)	(3,179)	–	(28,726)
As at 30 June 2024 (unaudited)	59,141	6,121	389	65,651
As at 1 January 2023 (unaudited)	92,010	2,675	–	94,685
Changes due to supply chain assets at FVTOCI recognised as at 1 January:				
– Transfer to 12-month ECL	106	(106)	–	–
– Transfer to lifetime ECL – not credit-impaired	(3,208)	3,208	–	–
– Impairment losses, net of reversal	(71,271)	(3,179)	–	(74,450)
– Disposal	–	(2,598)	–	(2,598)
New financial assets purchased, net of settlement	66,138	4,016	61	70,215
New financial assets disposal	(41)	–	–	(41)
As at 30 June 2023 (unaudited)	83,734	4,016	61	87,811

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

The movements in the allowance for impairment in respect of financial guarantee contracts in relation to third parties during the current interim period were as follows:

	12m ECL RMB'000	Lifetime ECL not credit-impaired RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
As at 1 January 2024 (unaudited)	29,426	674	–	30,100
Changes due to financial guarantee contracts recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(1,193)	1,193	–	–
– Impairment losses, net of reversal	(11,425)	3,708	–	(7,717)
– Disposal	–	(4,374)	–	(4,374)
New financial guarantee contracts entered, net of settlement	24,719	118	–	24,837
As at 30 June 2024 (unaudited)	41,527	1,319	–	42,846
As at 1 January 2023 (audited)	23,415	838	–	24,253
Changes due to financial guarantee contracts recognised as at 1 January:				
– Transfer to lifetime ECL				
– not credit-impaired	(212)	212	–	–
– Impairment losses, net of reversal	(14,595)	40	–	(14,555)
– Disposal	–	(1,090)	–	(1,090)
New financial guarantee contracts entered, net of settlement	9,537	291	–	9,828
As at 30 June 2023 (unaudited)	18,145	291	–	18,436

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 18. TRADE AND BILL RECEIVABLES/OTHER RECEIVABLES, PREPAYMENTS AND OTHERS

### (a) Trade and bill receivables

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contracts with customers of platform-based technology services	45,915	70,421
Bank acceptance bill	5,073	–
	<b>50,988</b>	70,421
Less: ECL allowance	(440)	(483)
	<b>50,548</b>	69,938
Analysed for reporting purposes as:		
Current assets	29,783	46,509
Non-current assets	20,765	23,429
	<b>50,548</b>	69,938

Details of impairment assessment are set out in note 17.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 18. TRADE AND BILL RECEIVABLES/OTHER RECEIVABLES, PREPAYMENTS AND OTHERS (continued)

### (a) Trade and bill receivables (continued)

The following is an aged analysis of trade and bill receivables presented based on the date of payment.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0-30 days	50,988	70,421

### (b) Other receivables, prepayments and others

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Government subsidies receivables	16,719	–
Prepayments	15,040	7,800
Tax recoverable	10,416	29,355
Security deposits for loan facilitation	6,250	13,567
Refundable rental deposits	3,836	3,836
Receivables for guarantee to associates	1,993	–
Other receivables and deposits	2,432	2,876
	56,686	57,434
Analysed for reporting purposes as:		
Current assets	44,876	49,119
Non-current assets	11,810	8,315
	56,686	57,434



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 19. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Settlement payables to customers and funding providers	222,541	96,713
Other tax payables	57,454	57,370
Construction payables	48,759	16,242
Accrued charges	23,635	71,889
Deposits from digital financing solutions customers	3,027	14,975
Dividend payable to shareholders of the Company	2,090	1,852
Trade payables	4,723	5,929
Dividend payable to a non-controlling shareholder of a PRC subsidiary	–	28,484
Other payables and deposits	2,276	1,298
	<b>364,505</b>	<b>294,752</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 20. LIABILITIES ARISING FROM GUARANTEE CONTRACTS

	30 June 2024			31 December 2023		
	Premium less accumulated amortisation RMB'000 (Unaudited)	ECL provision RMB'000 (Unaudited)	Carrying amount RMB'000 (Unaudited)	Premium less accumulated amortisation RMB'000 (Audited)	ECL provision RMB'000 (Audited)	Carrying amount RMB'000 (Audited)
Guarantee contracts in relation to:						
– third parties	21,219	32,390	34,275	21,412	26,413	28,495
– associates	2,515	10,456	12,065	764	3,687	3,899
	<b>23,734</b>	<b>42,846</b>	<b>46,340</b>	22,176	30,100	32,394
Analysed for reporting purposes as:						
Current	21,824	39,390	41,424	22,176	28,784	31,078
Non-current	1,910	3,456	4,916	–	1,316	1,316
	<b>23,734</b>	<b>42,846</b>	<b>46,340</b>	22,176	30,100	32,394

The following is the maximum amount the Group has guaranteed under the contracts and details of liabilities arising from guarantee contracts.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Guarantee contracts in relation to:		
– third parties	3,071,197	2,524,784
– associates	6,334,604	2,109,247
	<b>9,405,801</b>	4,634,031

As at 30 June 2024, the directors of the Company has assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate. An amount of RMB42,846,000 (31 December 2023: RMB30,100,000) has been estimated as a loss allowance, and an amount of RMB12,388,000 loss allowance was recognised (2023: RMB365,000 loss allowance was reversed) in the profit or loss because the premium received less cumulative amount of certain contracts were lower than the amount of loss allowance.

Details of impairment assessment are set out in note 17.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 21. BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bank borrowings and bills discounted	1,821,399	3,560,764
Bank loans under supplier finance arrangements	531,912	368,012
Entrusted loans	290,525	224,668
ABS issued	–	1,228,265
Other loans	395,989	838,277
	<b>3,039,825</b>	6,219,986
Secured	2,408,259	5,589,532
Unsecured	631,566	630,454
	<b>3,039,825</b>	6,219,986

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 21. BORROWINGS (continued)

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
The carrying amounts of the above borrowings are repayable*:		
– within one year	2,774,779	4,673,232
– within a period of more than one year but not exceeding two years	140,832	1,360,957
– within a period of more than two years but not exceeding five years	124,214	185,797
	<b>3,039,825</b>	6,219,986
Less: Amounts due within one year shown under current liabilities	<b>(2,774,779)</b>	(4,673,232)
Amounts shown under non-current liabilities	<b>265,046</b>	1,546,754

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The ranges of effective interest rates on the Group's borrowings are as follows:

	30 June 2024 % (Unaudited)	31 December 2023 % (Audited)
Range of fixed-rate borrowings interest rates (per annum)	3.05~9.20	1.15~9.20
Range of variable-rate borrowings interest rates (per annum)	3.80~8.52	3.76~8.54

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 22. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.01 each		
<b>Authorised:</b>		
At 1 January 2023, 1 January 2024 and 30 June 2024 (unaudited)	5,000,000,000	50,000,000
	Number of shares	Share capital HK\$
<b>Issued:</b>		
At 1 January 2023 (audited)	1,007,714,500	10,077,145
Repurchase and cancellation of shares	(17,964,500)	(179,645)
At 31 December 2023 (audited)	989,750,000	9,897,500
Repurchase and cancellation of shares	(1,343,000)	(13,430)
At 30 June 2024 (unaudited)	988,407,000	9,884,070
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Shown in the condensed consolidated statement of financial position	8,547	8,559

During the six months ended 30 June 2024, the Company repurchased 1,562,000 (six months ended 30 June 2023: 17,058,500) of its own ordinary shares through the Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$6,740,000 (equivalent to RMB6,124,000) (six months ended 30 June 2023: HK\$103,439,000 (equivalent to RMB90,794,000)) paid. 1,343,000 (six months ended 30 June 2023: 16,396,500) shares were cancelled upon repurchase and 219,000 (six months ended 30 June 2023: 662,000) shares were not cancelled and remained as treasury shares at the end of the reporting period. At 30 June 2024, the Company had outstanding treasury shares of 444,500 (31 December 2023: 225,000) shares.

All the shares issued during the period ranked pari passu in all respects with the then existing shares in issue.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 23. CAPITAL COMMITMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements		
– property and equipment	249,410	351,962
– investment in an associate	200	200
	<b>249,610</b>	<b>352,162</b>

## 24. SHARE-BASED PAYMENT TRANSACTIONS

### (a) Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to resolutions passed on 11 September 2017, 14 November 2018, 15 July 2020 and 10 June 2022 ("Option Grant Date") for the primary purpose of providing incentives to directors and eligible employees, and will expire on 10 September 2022, 13 November 2023, 14 July 2025 and 9 June 2032 respectively. Under the Scheme, the board of directors of the Company may grant options to eligible employees, including certain directors of the Company and the management of an associate of the Company, to subscribe for shares in the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 24. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (a) Equity-settled share option scheme of the Company (continued)

The table below discloses movement of the Scheme:

	Number of shares
As at 1 January 2024 (unaudited)	15,625,000
Forfeited/lapsed during the period	(200,000)
Outstanding as at 30 June 2024 (unaudited)	15,425,000
Exercisable at the end of the reporting period	12,225,000
	Number of shares
As at 1 January 2023 (audited)	22,340,000
Forfeited/lapsed during the period	(1,100,000)
Outstanding as at 30 June 2023 (unaudited)	21,240,000
Exercisable at the end of the reporting period	7,415,000

The weighted average closing price of the Company's shares immediately before the dates on which the options were exercised was HK\$6.59.

The Group recognised the total expense of RMB5,091,000 for the period ended 30 June 2024 (six months ended 30 June 2023: RMB626,000) in relation to share options granted by the Company.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 24. SHARE-BASED PAYMENT TRANSACTIONS (continued)

### (b) RSU Scheme of the Company

The Company's RSU Scheme was adopted pursuant to a resolution passed 6 April 2022 for the primary purpose of providing incentives to eligible persons and attracting suitable personnel for further development of the Group. The RSU Scheme shall be valid and effective for a period of ten years commencing on 6 April 2022.

The following tables disclose movements of the Company's RSUs:

	Number of shares
As at 1 January 2024 (unaudited)	1,080,000
Forfeited/lapsed during the period	(80,000)
Exercised during the period	(490,000)
Outstanding as at 30 June 2024 (unaudited)	510,000
Exercisable at the end of the reporting period	—
	Number of shares
As at 1 January 2023 (audited)	1,300,000
Forfeited/lapsed during the period	(140,000)
Outstanding as at 30 June 2023 (unaudited)	1,160,000
Exercisable at the end of the reporting period	—

The Group recognised the total expense of approximately RMB925,000 for the period ended 30 June 2024 (six months ended 30 June 2023: RMB677,000) for in relation to RSUs granted by the Company.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable:

Financial assets/liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30.6.2024 RMB'000 (Unaudited)	31.12.2023 RMB'000 (Audited)			
Foreign currency forward contracts	<b>Assets –</b> <b>5,894</b> <b>Liabilities –</b> <b>1,985</b>	Assets – 13,672 Liabilities – 5,938	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Cross currency swap contracts	<b>Liabilities –</b> <b>–</b>	Liabilities – 1,819	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, as well as forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Interest rate swap contracts	<b>Assets –</b> <b>–</b> <b>Liabilities –</b> <b>–</b>	Assets – 391 Liabilities – 1,822	Level 2	Discounted cash flow. Future cash flows are estimated based on spot exchange rates (from observable spot exchange rates at the end of the reporting period) and forward interest rates (from observable yield curves at the end of the reporting period), discounted at a rate that reflects the credit risk of various counterparty.	N/A

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30.6.2024 RMB'000 (Unaudited)	31.12.2023 RMB'000 (Audited)			
Equity instruments at FVTOCI	Assets – –	Assets – 100	Level 2	Recent transaction price	N/A
	Assets – 1,600	Assets – 200	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher fair value
	Assets – 61,579	Assets – 61,198	Level 3	Market Approach Market Cap/Book value multiple	The higher implied multiple, the higher fair value
Other financial assets at FVTPL – wealth management products	Assets – 125,364	Assets – 102,685	Level 2	Discounted cash flow. Future cash flows are estimated based on exchange rates (from observable exchange rates at the end of the reporting period).	N/A
Other financial assets at FVTPL – unlisted investments funds	Assets – 8,504	Assets – 224,290	Level 2	Recent transaction price	N/A
	Assets – 255,700	Assets – 21,061	Level 3	Net assets value of the underlying investments	The higher the net assets value, the higher fair value
Other financial assets at FVTPL – unlisted equity investments	Assets – 75,550	Assets – 75,550	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher cash flows, the higher fair value.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30.6.2024 RMB'000 (Unaudited)	31.12.2023 RMB'000 (Audited)			
Other financial assets at FVTPL – equity tranche	Assets – 318,381	Assets – 190,962	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher discount rate, the lower fair value. The higher cash flows, the higher fair value
Other financial assets at FVTPL – trust fund	Assets – 1,600	Assets – 1,529	Level 3	Discounted cash flow. Risk-adjusted discount rate and cash flow are key inputs	The higher discount rate, the lower fair value
Supply chain assets at FVTOCI	Assets – 5,720,255	Assets – 7,663,344	Level 3	Discounted cash flow. Risk-adjusted discount rate and cash flow are key inputs	Discount rate (note)
Other financial liabilities at FVTPL – structured notes	Liabilities – –	Liabilities – 61,208	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher discount rate, the lower fair value The higher cash flows, the higher fair value

Note: As at 30 June 2024, the discount rates of the supply chain assets range mainly from 6.00% to 15.00% (31 December 2023: 4.90% to 14.00%). A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of supply chain assets at FVTOCI by RMB16,009,000/RMB16,298,000 (31 December 2023: RMB24,241,000/RMB24,687,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 25. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

### Reconciliation of Level 3 fair value measurements

	Financial assets			Financial liabilities
	Other	Equity	Supply chain	Other financial
	financial assets	instruments	assets	liabilities
	at FVTPL	at FVTOCI	at FVTOCI	at FVTPL
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	289,102	61,398	7,663,344	61,208
Transfer into level 3	224,290	100	–	–
Additions	103,300	1,300	6,488,279	–
Settlements	(118,469)	–	(4,101,659)	(63,902)
Disposal	–	–	(237,425)	–
Fair value changes through OCI, net of reclassification adjustment to profit or loss (note)	–	381	(10,163)	–
Fair value changes through profit or loss	21,148	–	–	2,694
Disposal of subsidiaries (note 27)	131,860	–	(4,082,121)	–
<b>At 30 June 2024</b>	<b>651,231</b>	<b>63,179</b>	<b>5,720,255</b>	<b>–</b>
At 1 January 2023	214,509	53,429	8,422,078	–
Transfer into level 3	30,000	–	–	–
Additions	39,300	–	8,098,016	92,115
Settlements	(5,419)	–	(7,060,128)	–
Disposal	–	–	(1,424,638)	–
Fair value changes through OCI, net of reclassification adjustment to profit or loss (note)	–	4,220	8,366	–
Fair value changes through profit or loss	5,770	–	–	14,260
<b>At 30 June 2023</b>	<b>284,160</b>	<b>57,649</b>	<b>8,043,694</b>	<b>106,375</b>

All gains and losses included in OCI relate to supply chain assets at FVTOCI are reported as changes of FVTOCI reserves.

Note: Details of the amount recognised in OCI to profit and loss in relation to supply chain assets at FVTOCI derecognised during the period are set out in note 9(b).

### Fair value of financial instruments that are recorded at amortised cost

The fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 26. RELATED PARTY DISCLOSURES

### (a) Related parties and relationship

During the reporting period, the following parties are identified as related parties to the Group and the respective relationships are set out below:

Name of Related parties	Relationship
TUNG CHI FUNG	Controlling shareholder of the Company
Bondlink Investment Limited	Related company controlled by TUNG CHI FUNG
Wuxi Tonghui Investment Limited ("WXTH")	Non-controlling shareholder of a material subsidiary (before 29 December 2023)
Wuxi Communications Industry Group Co., Ltd and its subsidiaries ("WXCI Group")	Related parties of WXTH (before 29 December 2023)
Wuxi Taihu New City Assets Management Co., Ltd ("Wuxi Taihu New City")	Non-controlling shareholder of a material subsidiary (From 29 December 2023 to 28 February 2024)
Wuxi Taihu New City Group Co., Ltd and its subsidiaries ("Wuxi Taihu New City Group")	Related parties of Wuxi Taihu New City (From 29 December 2023 to 28 February 2024)
HJ	Associate
NBGF	Associate
XMXS	Associate
QDHK	Associate
WXGJ	Associate

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 26. RELATED PARTY DISCLOSURES (continued)

### (b) Related party balances

#### (i) Supply chain assets at FVTOCI

Name of Related Party	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
HJ	679,691	397,381

The balance of supply chain assets at FVTOCI carries fixed-rate interest at 6.00% (31 December 2023: 5.95%) with principal amount of RMB676,386,000 (31 December 2023: RMB383,000,000) repayable within one year.

#### (ii) Loans to an associate

Name of Related Party	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NBGF	375,361	369,727

The balance of loans to the associate carries fixed-rate interest at 3.00% (31 December 2023: 3.00%) with principal amount of RMB87,500,000 (31 December 2023: RMB87,500,000) repayable within one year and principal amount of RMB280,000,000 (31 December 2023: RMB280,000,000) repayable within a period of more than one year but not exceeding two years. Details of impairment assessment are set out in note 17.

#### (iii) Trade and bill receivables

Name of Related Party	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
HJ	–	728

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 26. RELATED PARTY DISCLOSURES (continued)

### (b) Related party balances (continued)

#### (iv) Other receivables – refundable rental deposits

Name of Related Party	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bondlink Investment Limited	190	329

#### (v) Other receivables – receivables for guarantee to associates

Name of Related Party	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
WXGJ	1,993	N/A

#### (vi) Loans from related parties

Name of Related parties	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
WXGJ	1,802,214	N/A
QDHK	663,036	591,115
NBGF	369,726	–
XMXS	–	123,115
Wuxi Taihu New City Group	N/A	248,723
	2,834,976	962,953

The loans carries fixed-rate interest at 7.00% (31 December 2023: 6.80% to 9.00%) with principal amount of RMB2,788,609,000 repayable within one year (31 December 2023: RMB952,102,000 repayable within one year and RMB2,299,000 repayable within a period of more than one year but not exceeding two years).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 26. RELATED PARTY DISCLOSURES (continued)

### (b) Related party balances (continued)

#### (vii) Liabilities arising from guarantee contracts

Name of Related Parties	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
WXGJ	4,613	N/A
QDHK	4,128	1,588
XMXS	1,848	1,235
NBGF	1,476	1,076
	12,065	3,899

#### (viii) Lease liabilities

Name of Related Party	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bondlink Investment Limited	817	321

### (c) Related party transactions

#### (i) Revenue and income from related parties

Name of Related Parties	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
HJ	11,855	35,047
WXCI Group	N/A	202
	11,855	35,249



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 26. RELATED PARTY DISCLOSURES (continued)

### (c) Related party transactions (continued)

#### (ii) Interest income from loans to associates

Name of Related Parties	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
NBGF	5,814	3,806
WXGJ	242	N/A
	<b>6,056</b>	<b>3,806</b>

#### (iii) Guarantee income from an associate

Name of Related Party	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
WXGJ	263	N/A

#### (iv) Finance costs – interest on loans from related parties

Name of Related Parties	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
WXGJ	41,872	N/A
QDHK	20,270	14,098
NBGF	9,333	6,906
XMXS	495	7,494
WXCI Group	N/A	3,553
	<b>71,970</b>	<b>32,051</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 26. RELATED PARTY DISCLOSURES (continued)

### (c) Related party transactions (continued)

#### (v) Finance costs – guarantee expenses on borrowings

Name of Related Party	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
WXCI Group	N/A	6,520

#### (vi) Finance costs – interest expenses on lease liabilities

Name of Related Parties	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Bondlink Investment Limited	29	26
WXCI Group	N/A	3
	29	29

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 26. RELATED PARTY DISCLOSURES (continued)

### (d) Compensation of key management personnel

During the reporting period, the remunerations of key management personnel which represent the directors of the Company and other members of key management were as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries and other allowances	10,870	11,709
Share-based payment	4,558	1,200
Retirement benefit scheme contributions	365	266
Performance related bonuses	298	56
	<b>16,091</b>	<b>13,231</b>

The remuneration of these key executives of the Group is determined by Chairman of the Company having regard to the performance of individuals and market trends.

### (e) Guarantee

As at 31 December 2023, the Group's borrowing of RMB2,908,294,000 were guaranteed by TUNG CHI FUNG.

Details of the guarantee to associates are set out in note 20.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 27. DEEMED DISPOSAL OF SUBSIDIARIES

### (a) Disposal of WXGJ

On 28 February 2024, the Group entered into a capital injection agreement with the non-controlling shareholder of WXGJ which agreed to contribute a total of RMB569,400,000 into WXGJ, an indirectly-held subsidiary of the Company. Upon the completion of the transaction on 29 February 2024, the Group's equity interest in WXGJ diluted from 80% to 49% with a loss of control. On the same day, the Group's retained interest over WXGJ was remeasured to its fair value, which became the initial carrying amount for the purposes of subsequently accounting for such retained interest as an associate because the Group has significant influence over WXGJ.

	29/2/2024 RMB'000
<b>Analysis of assets and liabilities over which control was lost:</b>	
Property and equipment	69
Intangible assets	113,000
Deferred tax assets	9,015
Right-of-use assets	229
Supply chain assets at FVTOCI	3,707,278
Other receivables, prepayments and others	8,866
Pledged bank deposits	236,594
Cash and cash equivalents	200,665
Derivative financial instruments	(1,940)
Amount due to CMS-SY ABSs	(376,247)
Other payables and accrued charges	(14,553)
Borrowings	(2,029,575)
Loans from related parties	(752,060)
Loans from CMS-SY ABSs	(586,215)
Lease liabilities	(312)
<b>Net assets disposed of</b>	<b>514,814</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 27. DEEMED DISPOSAL OF SUBSIDIARIES (continued)

### (a) Disposal of WXGJ (continued)

	29/2/2024 RMB'000
<b>Gain on disposal of a subsidiary:</b>	
Fair value of 49% equity interest of WXGJ	734,752
Goodwill	(316,028)
Net assets disposed of	(514,814)
Non-controlling interests	101,191
Reclassification of cumulative FVTOCI reserves upon disposal of WXGJ to profit or loss	(3,966)
Gain on disposal	1,135
<b>Net cash outflow arising on disposal:</b>	
Cash consideration	–
Less: cash and cash equivalents disposed of	200,665
	(200,665)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

## 27. DEEMED DISPOSAL OF SUBSIDIARIES (continued)

- (b) **Disposal of 招商證券－盛業科技第1期資產支持專項計劃, 招商證券－盛業科技第2期資產支持專項計劃, 招商證券－盛業科技第3期資產支持專項計劃 and 招商證券－盛業科技第4期資產支持專項計劃(collectively, the “CMS－SY ABSs”)**

As being the assets service agency of CMS-SY ABSs and held the equity tranche interests in these structured entities, the Group considers it has control over such structured entities and these structured entities are consolidated by the Group. With the deemed disposal of WXGJ, the directors of the company considered the Group has loss the control over CMS-SY ABSs as the Group has loss control over WXGJ, which being the assets service agency of these structured entities. On the same day, the Group’s retained equity tranche interests over CMS-SY ABSs was remeasured to its fair value and accounted for as other financial assets at FVTPL.

	29/2/2024 RMB'000
<b>Analysis of assets and liabilities over which control was lost:</b>	
Deferred tax assets	519
Supply chain assets at FVTOCI	374,843
Loans to WXGJ	586,215
Amount due from WXGJ	376,247
Cash and cash equivalents	6,271
Borrowings	(1,215,456)
Net assets disposed of	128,639
<b>Gain on disposal of a subsidiary:</b>	
Fair value of equity tranche of CMS-SY ABSs	131,860
Net assets disposed of	(128,639)
Reclassification of cumulative FVTOCI reserves upon disposal CMS-SY ABSs to profit or loss	821
Gain on disposal	4,042
<b>Net cash outflow arising on disposal:</b>	
Cash consideration	–
Less: cash and cash equivalents disposed of	6,271
	(6,271)

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024



## 28. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group signed an agreement in July 2024 with Future Gold Enterprises Limited for the acquisition of 100% of Great Style Holdings Limited (the "Great Style") for a cash consideration of RMB300,000,000 and the Group agreed to pay an additional contingent consideration of up to RMB500 million in aggregate subject to the fulfilment of the performance targets of Great Style. The acquisition has been accounted for as acquisition of business using the acquisition method and was completed in July 2024. At the time of the financial statements are authorised for issue, the Group is undergoing purchase price allocation for the acquisition of business. Accordingly information about the allocation of the purchase price to major classes of assets and liabilities, pro forma information etc., as required by HKFRS 3 "Business Combinations" are not represented. Details of the transaction are set out in the Company's announcement dated 9 July 2024.