



中國金融發展(控股)有限公司

CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3623

2023
INTERIM REPORT

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Corporate Information

EXECUTIVE DIRECTORS

Mr. ZHANG Tiewei (*Chairman*)
Mr. LI Bin (*Chief Executive Officer*)
Ms. DAI Jing
Mr. XU Kaiying
Mr. PANG Haoquan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hung Kei
Mr. AU Tien Chee Arthur
Mr. ZHOU Xiaojiang

AUTHORISED REPRESENTATIVE

Mr. LI Bin
Mr. PANG Chung Fai Benny

AUDIT COMMITTEE

Mr. TSANG Hung Kei (*Chairman*)
Mr. AU Tien Chee Arthur
Mr. Zhou Xiaojiang

REMUNERATION COMMITTEE

Mr. Zhou Xiaojiang (*Chairman*)
Mr. ZHANG Tiewei
Mr. TSANG Hung Kei

NOMINATION COMMITTEE

Mr. ZHANG Tiewei (*Chairman*)
Mr. TSANG Hung Kei
Mr. Zhou Xiaojiang

COMPANY SECRETARY

Mr. PANG Chung Fai Benny

LEGAL ADVISERS

As to Hong Kong law

C&T Legal LLP in association with Pang & Co,
Benny

AUDITORS

KPMG
Public Interest Entity Auditor registered in accordance
with the Financial Reporting Council Ordinance

REGISTERED OFFICE

Fourth Floor, One Capital Place
P.O. Box 847, Grand Cayman
KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

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6th Floor
Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Foshan Rural Commercial Bank Co. Ltd.
Guangdong Heshan Rural Commercial Bank Co., Ltd.

COMPANY WEBSITE ADDRESS

<http://www.chinasuccessfinance.com>

STOCK CODE

3623

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2023 (RMB' 000)	2022 (RMB'000)	Change In %
REVENUE	2,926	46,468	-93.7%
OTHER REVENUE	2,709	8,546	-68.3%
LOSS BEFORE TAXATION	(31,041)	(67,841)	-54.2%
LOSS FOR THE PERIOD	(34,898)	(65,281)	-46.5%
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	(30,325)	(65,194)	-53.5%
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(36,327)	(67,898)	-46.5%
BASIC LOSS PER SHARE (RMB PER SHARE)*	(0.05)	(0.11)	-54.5%

	AS AT	AS AT	Change In %
	30 JUNE 2023 (RMB' 000)	31 DECEMBER 2022 (RMB'000)	
TOTAL ASSETS	665,396	739,547	-10.0%
TOTAL EQUITY	300,856	336,857	-10.7%

* Basic loss per share for the six-month period ended 30 June 2022 and 2023 was calculated based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of issued ordinary shares of the Company for the corresponding period. For the six-month period ended 30 June 2022 and 2023, the weighted average number of issued ordinary shares of the Company were 547,571,000 and 552,158,000 ordinary shares, respectively.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of China Success Finance Group Holdings Limited (the “**Company**” or “**China Success Finance**”), I am pleased to present the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2023 (the “**Period**”).

For the first half of 2023, the global economy remains under pressure due to the intensification of Russia-Ukraine conflict, inflation surge and the tightening monetary policy, despite the impact of COVID-19 on the global economy is fading away.

On Mainland China, 2023 is a year when epidemic prevention and control measures are optimized and economic order regains normal. The central government and various departments put forward series of policies in stimulating the economy, resulting in a positive trend in economic recovery and steady progress of high-quality development with GDP year-on-year growth of 5.5% in the first half of 2023. However, economic recovery could not be blind to multiple tasks such as weak domestic demand, higher potential risks from key sectors and the complex and severe external environment. In Hong Kong, although there are still uncertainties and challenges in external environment, Hong Kong's economic reinvigoration has appeared along with significant improving of consumption atmosphere and investment stabilization, thanks to a robust recovery in travel industry and local demands.

During the Period, in the face of the changing domestic and international economic situation, the Group grasped the wave of national policies, adapted to the macroeconomic situation, strengthened internal risk prevention and control, enhanced the overall risk-resistant capability, consolidated the foundation and carried out its business in a smooth and orderly manner.

Regarding the guarantee business, during the Period, the Group continued to adhere to its prudent and steady operating principles, optimize product and business structure, deepen the fintech business and strengthen the exploration of diversified cooperation models with financial institutions and technology companies. Meanwhile, a practical approach to business development has been taken to explore the potential of traditional guarantee business and improve quality and efficiency of services in various ways. Regarding the financial leasing, business factoring and mega asset management businesses, the Group kept an eye on market developments to conduct business with caution.

In addition, the Group actively seized the huge policy edge and development opportunities of the Greater Bay Area to participate in the strategic construction of such area and contribute to the development of it. In terms of supply chain finance, during the Period, the relationship between supply and demand of hog market was intensified and the price continued to fall. As such, the Group adjusted its business strategy timely and assessed market risks scientifically. Moreover, the Group proactively downsized its production capacity to minimize the scale of losses, and sit tight for cyclical inflection point.

Chairman's Statement

Looking ahead to the second half of 2023, the global economy continues to be constrained by various factors such as high inflation risk, geopolitics and trade protectionism, and the future of recovery remains unclear. Mainland China's economic transformation and upgrade is expected to face multiple headwinds such as weak domestic demand, higher potential risks from key sectors and the complex and severe external environment, and the recovery is still shaky. Therefore, the central government will give further support by introducing a package of stimulus policies covering monetary and fiscal policies to keep public expectations stable and boost confidence of firms. In Hong Kong, it is expected that with the gradual implementation of the SAR Government's development policies and the continuous improvement in visitor arrivals, market confidence will continue to strengthen, and the Hong Kong economy will steadily move forward and show abundant vitality.

In the second half of 2023, the Group will keep our feet on the ground to carry out traditional business. For the guarantee business, in actively responding to the call of our country on developing private firms and boosting their confidence, the Group continues to optimize the business model, enhance the development of traditional guarantee business, strengthen the cooperation and communication with financial institutions and technology companies, deepen the fintech business and increase efficiency and income for the Company. For the supply chain finance business, the Group expects that the hog market remains to be affected by the situation of high supply and weak demand in the short term. Such industry is currently in a trough period under the limited upward price and high breeding costs, and the Group will conduct business according to the research and analysis as well as market conditions in due course. In addition, by grasping the global trend of transformation towards low carbon and the national "double-carbon" strategic opportunity, the Group responds to the concept of green economy, focuses on the international energy storage supply chain business, and develops supply chain financial services in line with the energy storage industry with its rich experience in financial services, giving full play to the role of financial services entities and aiming to inject new impetus to the Group's performance growth.

Last but not least, on behalf of the Board, I would like to express my utmost appreciation to all shareholders, clients, business partners for their long-term support and confidence in the Group. In the days to come, we will steadily advance, brave wind and rain and forge ahead in solidarity, reward our Shareholders and investors with excellent progress.

Zhang Tiewei

Chairman and Executive Director

30 August 2023

Management Discussion and Analysis

OVERVIEW

In the first half of 2023, the major economies throughout the world have basically walked out from the epidemic. However, the recovery of the global industry chain was slow and the global manufacturing industry kept depressed. Many factors such as scar effect left by the epidemic, the continuity of Russia-Ukraine conflict, as well as the high inflation, increased uncertainties to the overall recovery of the world economy.

2023 marks the first year for China to fully carry out the spirit of 20th Party Congress, and a critical year under the 14th Five-Year Plan for the Group to build on the past and prepare for the future. In the first half of the year, departments of China stuck to the overall working principle of making progress while maintaining stable, which, coupled with macro policies, enabling a positive situation of recovery in China's economy and steady advancement of high quality development. The GDP of the first half grew at 5.5% year on year, and the fundamentals for the long-term improvement of China's economy remain unchanged. Nevertheless, the current economy faces new difficulties and challenges, mainly including insufficient domestic demand, many risks hidden in key areas, and complicated external environment. In terms of Hong Kong, a series of the counter-cyclical measures implemented by the SAR government have stabilized the economy. The GDP of Hong Kong resumed to real positive growth in the first quarter of 2023, putting an end to the negative growth for the whole year of 2022. However, affected by the slowdown of economic growth and weak market demand, the foreign trade in Hong Kong is still under pressure.

In the first half of 2023, faced with complicated internal and external economic environment, the Group maintained stable policy and adhered to the operational strategy of "adjusting structure and controlling risks" based on its comprehensive analysis and research on the market, to steadily develop traditional businesses, and drove the stable and orderly carrying out of various businesses by way of facilitating integrated services for the Greater Bay Area, expanding and reinforcing cooperation channels and optimizing supply chain financial services.

BUSINESS REVIEW

Steadily Developing Traditional Businesses with a Prudent Approach

Since 2023, China has accurately and strongly implemented a sound monetary policy, which has improved the overall economy performance. In the first half of the year, the credit structure was optimized continuously and the economic growth momentum was strengthened. At the end of June 2023, the balance of broad money in China was 287.3 trillion, increased by 11.3% year-on-year; while the balance of narrow money was 69.56 trillion, increased by 3.1% year-on-year. However, both the CPI and PPI data declined in the first half of the year. Since the beginning of this year, the CPI data declined from February to June, and PPI data also dropped for seven consecutive months. The large amount of money has failed to boost the consumption and pull the economy and insufficient domestic demand has restricted the development of economy.

In the first half of 2023, in order to coordinate with the requirements of the Group's development strategy, the Group continued its prudent and stable operational principle, constantly optimized and adjusted product structure, selectively carried out businesses and slowed down the development speed of traditional business, to ensure the sound and sustainable development of the Group.

Management Discussion and Analysis

In terms of the guarantee business, the Group adopted a “risk first, business second” approach as its business strategy and paid close attention to market trends. By considering the market demand, the Group constantly optimize its product structure and business structure, to provide its customers with higher quality and more efficient financial services. Besides, the Group increased investment in the field of financial technology, strengthen cooperation with financial institutions and technology companies, and explore more diversified ways of cooperation. For the traditional guarantee business field, the Group actively made plans to explore new potential for cooperation where risk is under control, and continued to enrich the content of products. In the first half of 2023, the overall guarantee business decreased compared to the same period of last year.

For financial leasing, commercial factoring and mega asset management businesses, in the first half of 2023, the Group adhered to the operating principle of “Dos and Don’ts” to conduct business with caution.

Developing Integrated Services for the Greater Bay Area

Guangdong-Hong Kong-Macao Greater Bay Area, an important area linking the domestic and overseas markets and leading two-way opening-up at home and abroad, plays a supporting and leading role in the national economic development and opening-up. With the issuance of the Hengqin-Qianhai “30 Financial Measures (金融30條)”, the Greater Bay Area will embrace greater development opportunities. The Group will give full play to its own advantages, seize economic development opportunities, actively engage itself into the strategic construction of the Greater Bay Area, empower enterprises within this area, and provide specialized integrated financial services.

Expanding and Reinforcing Cooperation Channels

In the first half of 2023, the Group continued to pay attention to channels of cooperation, and proactively sought for new opportunities of cooperation by strengthening communication with financial institutions and technology and finance companies, and constantly conducted innovation on products of financial services to provide customers with specialized financial services.

Management Discussion and Analysis

Adjusting and Optimizing Integrated Financial Services for the Supply Chain

Since 2023, the situation of high supply and weak demand in the hog market intensified, and the hog price and pork price have been maintaining at low place for a long time and continue to decrease. The national average hog-grain price ratio is below 5:1, entering the excessive decline level 1 warning range. In terms of supply, as affected by the low price, hog farmers' expectations on hog price was weakened, and due to the recent frequent epidemic outbreaks in the south, farmers enthusiasm for slaughtering hogs increased, thus increased the supply of hogs; in terms of demand, impacted by the overall moderate household consumption since the beginning of the year, the recover momentum of pork demand is weak, coupled with the limited storage of frozen products in slaughter enterprises and the poor follow-up of consumption, aggravating the situation of oversupply.

The Board paid close attention to the situation of hog market. In view of the overcapacity of hogs, the poor market condition and the high breeding costs, in order to enhance the risk defensive ability and walk across the depressed period, in the first half of 2023, the Group made promptly adjustment to the business strategy, timely narrowed down the breeding scale, initiatively reduced capacity and production to lower losses, and, at the same time, conducted assessment on the biological safety in the breeding farms and upgraded accordingly, so as to improve the breeding level and wait for the change.

USE OF PROCEEDS

On 1 February 2018, the Company issued convertible bonds in an aggregate principal amount of HKD154 million under general mandate. The net proceeds, after deducting the administration fee of HKD1,540,010, were HKD152,459,990, and had been fully used as at 31 August 2019.

FINANCIAL REVIEW

Revenue

The revenue of the Group was mainly generated from the revenue related to the principal businesses of the Group. For the six months period ended 30 June 2023, the Group's revenue was approximately RMB2.9 million (for the six months period ended 30 June 2022: approximately RMB46.5 million), representing a decrease of approximately 93.8%. Detailed analysis of the Group's revenue is as follows:

1. *Financial guarantee services*

Revenue from the Group's financial guarantee services was mainly generated from the service fees charged for our financial guarantee services. For the six months period ended 30 June 2023, the Group's net revenue generated from financial guarantee services was approximately RMB1.6 million (for the six months period ended 30 June 2022: approximately RMB14.3 million), representing a decrease of approximately 88.8%.

Management Discussion and Analysis

During the reporting period, the net income from the financial guarantee services decreased significantly compared to the same period of last year, which is attributable to the combined effect of the following factors: (i) as the financial guarantee services were affected by multiple factors such as changes in the market conditions and demand of the industry, and product adjustments by partner institutions, the Group continued its prudent and steady operating principles during the period, further optimizing its product mix and business model, selectively carrying out traditional businesses in a pragmatic manner under the premise of controllable risks, and slowing down the development of traditional businesses, which resulted a lower business volume; and (ii) the Group faced decrease in guarantee income recognized during the current period from deferred revenue of previous years as a result of gradual maturity of existing guarantee business.

2. *Non-financial guarantee services*

Revenue from the Group's non-financial guarantee services was mainly generated from the service fees charged for providing customers with performance guarantees in relation to the performance of payment obligations and litigation guarantees. For the six months period ended 30 June 2023, the Group's revenue generated from the non-financial guarantee services decreased by approximately 80.0% to approximately RMB0.1 million (for the six months period ended 30 June 2022: approximately RMB0.5 million).

Revenue from the non-financial guarantee services during the reporting period experienced a substantial decline as non-financial guarantee services were affected by the changes in the market condition of the industry and the increasing industry competition.

3. *Financial consultancy services*

Revenue from the Group's financial consultancy services was mainly generated from the service fees charged for providing customers with financial consultancy services by the Group. For the six months period ended 30 June 2023, the Group's revenue generated from financial consultancy services was approximately RMB0.01 million (for the six months period ended 30 June 2022: approximately RMB0.6 million).

During the reporting period, the Group closely monitored market development and operated its business with caution.

Management Discussion and Analysis

4. Revenue from Sales of Market Hogs

For the six months period ended 30 June 2023, the Group's revenue from sales of market hogs was approximately RMB1.2 million (for the six months period ended 30 June 2022: approximately RMB31.1 million).

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Sales of market hogs	1,151	31,066
Cost of market hogs sold	(5,759)	(28,602)
Net income	(4,608)	2,464

During the reporting period, due to the continued low market prices of hogs under the influence of excess supply and weak demand, coupled with the rising breeding costs and the increased cost of pandemic prevention and control, the Group had to adjust its business strategy timely and assessed market risks scientifically. Moreover, we have reduced the scale of breeding timely and proactively downsized its production capacity to minimize the scale of losses. At the same time, biosafety assessment and renovation were conducted in farms to improve breeding quality and efficiency. The Group will continue to pay close attention to industry trends and policy guidance, sit tight for cyclical inflection point and operate in a timely manner depending on market conditions and comprehensive analysis.

Other Revenue

The Group's other revenue comprised fair value gain on modification of the terms of convertible bonds, interest income from bank deposits, government grants and others. For the six months period ended 30 June 2022 and 2023, the Group's other revenue was approximately RMB8.5 million and RMB2.7 million, respectively, representing a decrease of approximately 68.2%.

The significant decrease in other revenue as compared to the same period of last year was mainly due to the gain arising from the modification of the fair value of the terms of the convertible bonds in the first half of 2022.

Management Discussion and Analysis

Impairment and Provision Charged/(Written Back)

Impairment and provision mainly represents the provision charged/(written back) for guarantees issued and the impairment provision for receivables from guarantee payments, factoring receivables and finance lease receivables, deposit and other receivables, amounts due from related parties where it is likely that the customers or other parties are in financial difficulties and recovery was considered to be remote. In the event that any impairment and provision was made in the previous years but subsequently recovered, impairment and provision previously made will be written back in the year in which the relevant amount is recovered.

Operating Expenses

For the six months period ended 30 June 2023, the Group's operating expenses (including research and development costs) was approximately RMB25.7 million (for the six months period ended 30 June 2022: approximately RMB34.8 million), decreased by approximately RMB9.1 million or approximately 26.1% when compared with the corresponding period of the last year. The Group upheld the cost-efficient principle, the operating expenses was analyzed in details as follows:

	For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Salaries	10,492	14,239
Audit fee	474	1,700
Amortization charges	—	—
Depreciation charges	2,657	913
Rentals	98	44
Intermediary consulting expenses	1,905	3,056
Office, travel and entertainment expenses	3,144	2,286
Exchange loss/(gains)	386	960
Others	6,563	11,605
Total	25,719	34,803

The decrease in salaries as compared to the same period of last year was mainly due to the staff and salaries adjustment of the Group for certain employees due to its development needs.

Management Discussion and Analysis

The decrease in the intermediary consulting expenses as compared to the same period of last year was mainly due to the decrease in service fees arising from the consultation of lawyers by the Group during the reporting period.

The significant decrease in others compared to the same period of last year was mainly due to the value of approximately RMB4.2 million of culling hogs from Yangmianshan Company Limited, a subsidiary of the Group (for the six months period ended 30 June 2022: approximately RMB9.6 million).

Changes in Fair Value of the Biological Assets

During the reporting period, the changes in fair value of the biological assets were mainly attributable to the carrying forward of the evaluation impairment of the biological assets sold in the last year of approximately RMB3.1 million.

Share of Losses of Associates

The share of losses of associates amounted to a loss of approximately RMB1.3 million for the six months period ended 30 June 2023, which was basically the same as a loss of approximately RMB1.3 million for the six months period ended 30 June 2022.

During the reporting period, the share of results of the associates by the Group did not meet expectations, and the Group will continue to pay attention to the operating conditions of associates.

Loss before Taxation

Loss before taxation decreased by approximately RMB36.8 million, or approximately 54.3%, from a loss of approximately RMB67.8 million for the six months period ended 30 June 2022 to a loss of approximately RMB31.0 million for the six months period ended 30 June 2023.

The loss before taxation during the reporting period was primarily due to the significant decrease in the net revenue from the financial guarantee service and the net revenue from sales of market hogs of the Group in the first half of 2023 compared to the same period of last year.

Management Discussion and Analysis

Income Tax

For the six months period ended 30 June 2023, the Group's income tax amounted to approximately RMB3.9 million, representing an increase of approximately 250.0% from approximately RMB-2.6 million in the corresponding period of 2022.

The increase in income tax was mainly due to the reversal of the deferred income tax assets corresponding to the provision for impairment losses during the reporting period, which resulted in a great influence of deferred income tax expenses on the overall income tax.

Trade and Other Receivables – Receivables from Guarantee Payments

Receivables from guarantee payments mainly represent default loan amount repaid by the Group on behalf of its customers. Upon default by a customer in respect of repayment of a bank loan, according to the relevant guarantee agreement, the outstanding balance shall be firstly settled by the Group on behalf of the customer. The Group will then subsequently request repayment from the customer or take possession of the counter-guarantee assets provided by such customer to recover the outstanding balance. Receivables from guarantee payments were interest-bearing, and the Group holds certain collaterals over certain customers. The net book value of receivables from guarantee payments decreased from approximately RMB23.6 million as at 31 December 2022 to approximately RMB22.3 million as at 30 June 2023. The provision for impairment losses of receivables from guarantee payments as at 30 June 2023 was approximately RMB0.3 million (as at 30 June 2022: provision of approximately RMB24.5 million).

LIQUIDITY AND CAPITAL RESOURCES

Treasury Management and Investment Policy

In order to utilise the Group's financial resources for obtaining a better return for the shareholders effectively, the Group's general approach is to seek some alternative investment opportunities which could provide a better return with limited risk exposure.

Management Discussion and Analysis

Pledged Bank Deposits and Cash and Bank Deposits

As at 30 June 2023, the current pledged bank deposits amounted to approximately RMB72.3 million (as at 31 December 2022: approximately RMB74.6 million), representing a decrease of approximately RMB2.3 million as compared to the end of last year. Cash and bank deposits amounted to approximately RMB130.4 million (31 December 2022: approximately RMB158.4 million), representing a decrease of approximately RMB28.0 million as compared to the end of last year.

The decrease in cash and bank deposits was mainly due to the decrease in pledged deposits placed by third parties as a result of the requirements for conducting business between the Group and its customers.

Interest Rate Risk and Foreign Exchange Risk

As at 30 June 2023, the Group's interest rate primarily related to interest-bearing bank deposits and pledged bank deposits.

The Group's businesses for the six months period ended 30 June 2023 were principally conducted in RMB, while most of the Group's assets and liabilities were denominated in HKD and RMB. As the RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may have impact on the Group's result. Although foreign currency exposure does not pose a significant risk on the Group, and currently the Group does not have hedging measures against such exchange risks, the Group will continue to take proactive measures and monitor closely the risk arising from such currency movement.

Gearing Ratio

The Group's gearing ratio (total liabilities divided by total equity) increased from approximately 119.5% as at 31 December 2022 to approximately 121.2% as at 30 June 2023, which was mainly due to the decrease in total equity. The decrease in total equity was mainly attributable to the effect of the decrease in total assets on total equity, resulting from the decrease in cash and bank deposits and trade and other receivables.

Management Discussion and Analysis

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group recruits talents from the open market. The Group offers competitive remuneration packages to qualified employees, including salaries, bonuses, food and regular health examinations and various benefits. The Group places a high importance on staff development and provides business and corporate governance training to our staff on a regular basis to enhance their knowledge of the financial products in the market, the applicable laws and regulations and professional skills in relation to the industry in which the Group operates. The Group offers substantial support to employees with its diverse resources to boost their self-image and achieve their personal development..

The Group maintained stable relationship with its employees. As at 30 June 2023, the Group had 38 full-time employees. Compensation of the employees primarily includes salaries, discretionary bonuses, contributions to five social insurance and one housing fund, employer's liability insurance and retirement benefit scheme. The Group incurred staff costs (including Directors' remuneration) of approximately RMB10.5 million for the six months period ended 30 June 2023.

The Group has adopted a Pre-IPO Share Option Scheme and a Post-IPO Share Option Scheme as incentives to the Directors and eligible employees. Please refer to the section headed "Share Option Scheme" on the following pages for details.

PROSPECTS AND OUTLOOK

Macro Outlook

Looking forward to the second half of 2023, there are still many risks and uncertainties in the world economy, such as outflow risk of high inflation, the escalation of geopolitical and military conflicts, the global debt crisis and trade protectionism, all hindering the recovery of the world economy.

At present, the foundation for the sustained recovery and development of China's economy is not yet solid, and economic transformation and upgrading are facing new obstacles. However, the economy still enjoys strong resilience, tremendous potential and great vitality. The fundamentals sustaining its long-term growth have remained strong. The meeting of the Political Bureau of the Central Committee held in July 2023 emphasized the need to stay true to the general principle of pursuing progress while ensuring stability, the need for precise and forceful macroeconomic regulation, and focusing on strengthening counter-cyclical regulation and adopting more policy options. The meeting called for the continuation of a proactive fiscal policy and a prudent monetary policy and pointed up active expansion of domestic demand, further giving play to the role of consumption in driving economic growth, and the continuous efforts in deepening reform and opening-up. The meeting also emphasized the need to effectively prevent and defuse risks in key areas to strive for the established annual economic growth target. With the implementation of various economic revitalization policies of the SAR government and its active integration into the overall national development, the recovery of Hong Kong's economy will move forward steadily.

Management Discussion and Analysis

In the second half of 2023, the external environment remains uncertain. The Group will continue to operate in a prudent manner as to persist in the construction of the Greater Bay Area and enhance our overall core competitiveness by actively exploring new areas of cooperation and improving strength, at the time of steadily advancing traditional businesses.

Steadily Developing Traditional Businesses

For guarantee business, the Group will further optimise the product structure and consolidate the business foundation in light of market demand; continue the deployment of fintech strategies, and seek more diversified ways of cooperation with financial institutions and technology companies, in a bid to meet the personalized and comprehensive financial needs of customers. To broaden the revenue streams for the Group, we will intensify efforts to expand traditional guarantee business in identifying the evolving needs of customers and exploring new product designs with financial institutions for a comprehensive product chain.

Regarding financial leasing and commercial factoring businesses, the Group will adjust its business target customers and business ideas appropriately based on the comprehensive study and judgment of the external economic environment and market demand.

Adjusting and Optimizing Integrated Financial Services for the Supply Chain

The healthy and stable development of hogs breeding is crucial to the overall development of China's agriculture and the supply of the "Vegetable Basket" for the people. In recent years, the central government has continuously strengthened monitoring and early warning, continued to track and monitor indicators such as the hog-grain price ratio, and the brood sow stocks, and scientifically guided production through the introduction of breeding subsidy policies and frozen pork reserve adjustments to stabilize industry expectations. Looking ahead to the second half of 2023, the Group expects that the market supply and demand will probably remain unchanged, the prices weak, and the upside limited. In addition, factors such as frequent outbreaks of swine illness and the fluctuation of feed prices may continue to affect the breeding costs. In response to the market expectations of low prices and high costs, the Group has carefully assessed the risks to conduct business and will operate in a timely manner depending on market conditions.

Developing Integrated Services for the Greater Bay Area

Guangdong-Hong Kong-Macao Greater Bay Area is a strategic fulcrum of the new development pattern, a demonstration zone of high-quality development, and a pioneer of Chinese modernization. The Group will continue to seize the development opportunities in the Greater Bay Area, seek opportunities for the development of comprehensive financial services in the Greater Bay Area, provide enterprises in the Greater Bay Area with characteristic financial service support, and participate in the promotion of the construction and development of the Greater Bay Area.

Management Discussion and Analysis

Focusing on New Areas and Exploring New Paths

Recently, carbon neutrality has become the goal and vision of the joint efforts of all countries in the world, and green and low-carbon development has become an international consensus. China has firmly implemented the Paris Agreement and actively participated in global climate governance. With the promotion of the “double carbon” target, the renewable energy industry has benefited from supportive policies, and the energy storage business has flourished in the rapidly evolving market competition. Based on development opportunities in the market and long-term strategic planning, the Group will actively respond to the concept of low-carbon economy and focus on international energy storage supply chain business. Relying on its robust financial service capabilities, the Group closely collaborates with energy storage manufacturers to offer customers tailored financial products that align with industry characteristics. This not only supports entities in their financing needs but also drives green transformation and development, thereby bolstering the Group’s driving force of high-quality growth.

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Guarantee income		19,068	61,462
Less: guarantee service fee		(17,305)	(46,675)
Net guarantee fee income		1,763	14,787
Sales of market hogs		1,151	31,066
Service fee from consulting services		12	615
Revenue	3	2,926	46,468
Other revenue	4	2,709	8,546
Cost of market hogs sold		(5,759)	(28,602)
Impairment and provision credited/(charged)	5(a)	938	(58,644)
Operating expenses		(25,127)	(34,011)
Research and development costs		(592)	(792)
Interest expenses		(7,909)	(8,889)
Net changes in fair value on financial assets		–	(216)
Net changes in fair value of biological assets		3,091	9,608
Share of losses of associates		(1,318)	(1,309)
Loss before taxation	6(b)	(31,041)	(67,841)
Income tax	6(a)	(3,857)	2,560
Loss for the period		(34,898)	(65,281)
Attributable to:			
Equity shareholders of the Company		(28,896)	(62,577)
Non-controlling interests		(6,002)	(2,704)
Loss for the period		(34,898)	(65,281)
Loss per share (RMB per share)			
Basic	7	(0.05)	(0.11)
Diluted	7	(0.05)	(0.11)

The notes on pages 25 to 72 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the loss for the period are set out in note 28(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Loss for the period	(34,898)	(65,281)
Other comprehensive loss for the period (after tax and reclassification adjustments)		
<i>Item that may be reclassified to profit or loss:</i>		
Exchange differences on translation of financial statements of operations outside the mainland China	(1,429)	(2,617)
Total comprehensive loss for the period	(36,327)	(67,898)
Attributable to:		
Equity shareholders of the Company	(30,325)	(65,194)
Non-controlling interests	(6,002)	(2,704)
Total comprehensive loss for the period	(36,327)	(67,898)

The notes on pages 25 to 72 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2023 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Assets			
Cash and bank deposits	8	130,413	158,351
Pledged bank deposits	9	72,340	74,610
Trade and other receivables	10	174,749	203,618
Factoring receivables	11	26,540	27,090
Finance lease receivables	12	19,378	20,470
Interests in associates	14	21,418	22,736
Biological assets	15	725	2,841
Inventories	16	1,388	1,908
Property, plant and equipment	17	186,069	191,714
Financial assets measured at fair value through profit or loss (FVPL)	18	6,964	6,964
Deferred tax assets	19(b)	25,412	29,245
Goodwill	20	–	–
Total assets		665,396	739,547
Liabilities			
Liabilities from guarantees	21	20,607	39,384
Pledged deposits received	22	106,914	119,979
Interest-bearing borrowings	23	142,286	133,980
Liability component of convertible bonds	24	38,060	44,226
Accruals and other payables	25	27,647	35,666
Current tax	19(a)	16,491	16,468
Lease liabilities	26	12,535	12,987
Total liabilities		364,540	402,690
NET ASSETS		300,856	336,857

The notes on pages 25 to 72 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2023 – unaudited
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
CAPITAL AND RESERVES			
Share capital	28(b)	4,420	4,420
Reserves		322,620	352,619
Total equity attributable to equity shareholders of the Company		327,040	357,039
Non-controlling interests		(26,184)	(20,182)
TOTAL EQUITY		300,856	336,857

Approved and authorised for issue by the board of directors on 30 August 2023.

張鐵偉
Zhang Tiewei
Director

李斌
Li Bin
Director

The notes on pages 25 to 72 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Non-controlling		Total equity RMB'000	
	Note	Share capital	Share premium	Capital reserve	Surplus reserve	Regulatory reserve	Exchange reserve	Accumulated losses	Total		interests
		RMB'000 Note 28(b)	RMB'000 Note 28(c)	RMB'000 Note 28(d)	RMB'000 Note 28(e)	RMB'000 Note 28(f)	RMB'000 Note 28(g)	RMB'000	RMB'000		RMB'000
Balance at 1 January 2022		4,343	460,183	316,187	56,997	30,988	15,751	(463,079)	421,370	(11,894)	409,476
Changes in equity for the six months ended 30 June 2022:											
Loss for the period		-	-	-	-	-	-	(62,577)	(62,577)	(2,704)	(65,281)
Exchange differences on translation of financial statements of operations outside the mainland China		-	-	-	-	-	(2,617)	-	(2,617)	-	(2,617)
Total comprehensive loss		-	-	-	-	-	(2,617)	(62,577)	(65,194)	(2,704)	(67,898)
Convertible bonds converted to share capital & Recognition of new Convertible bonds	28(b) & (c)	77	8,383	3,778	-	-	-	(3,778)	8,460	-	8,460
Shares issued under share option scheme	28 (d)	-	-	1,000	-	-	-	-	1,000	-	1,000
Balance at 30 June 2022		4,420	468,566	320,965	56,997	30,988	13,134	(529,434)	365,636	(14,598)	351,038
Changes in equity for the six months ended 31 December 2022:											
Loss for the period		-	-	-	-	-	-	(11,602)	(11,602)	(5,584)	(17,186)
Exchange differences on translation of financial statements of operations outside the mainland China		-	-	-	-	-	2,314	-	2,314	-	2,314
Total comprehensive loss		-	-	-	-	-	2,314	(11,602)	(9,288)	(5,584)	(14,872)
Convertible bonds converted to share capital & exercise share option	28(b) & (c)	-	-	-	-	-	-	-	-	-	-
Shares issued under share option scheme	28 (d)	-	-	691	-	-	-	-	691	-	691
Balance at 31 December 2022		4,420	468,566	321,656	56,997	30,988	15,448	(541,036)	357,039	(20,182)	336,857

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Non-controlling		Total equity RMB'000	
	Note	Share capital	Share premium	Capital reserve	Surplus reserve	Regulatory reserve	Exchange reserve	Accumulated losses	Total		interests
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
		Note 28(b)	Note 28(c)	Note 28(d)	Note 28(e)	Note 28(f)	Note 28(g)				
Balance at 1 January 2023		4,420	468,566	321,656	56,997	30,988	15,448	541,036	357,039	20,182	336,857
Changes in equity for the six months ended 30 June 2023:											
Loss for the period		-	-	-	-	-	-	(28,896)	(28,896)	(6,002)	(34,898)
Exchange differences on translation of financial statements of operations outside the mainland China		-	-	-	-	-	(1,429)	-	(1,429)	-	(1,429)
Total comprehensive loss		-	-	-	-	-	(1,429)	(28,896)	(30,325)	(6,002)	(36,327)
Shares issued under share option scheme	28 (d)	-	-	326	-	-	-	-	326	-	326
Balance at 30 June 2023		4,420	468,566	321,982	56,997	30,988	14,019	(569,932)	327,040	(26,184)	300,856

The notes on pages 25 to 72 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2023 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Operating activities			
Cash used in operations		(11,961)	(20,574)
Tax paid	19(a)	(1)	(138)
Net cash used in operating activities		(11,962)	(20,712)
Investing activities			
Interest received		7,847	3,396
Other cash flows arising from financing activities		(40)	(8,732)
Net cash generated/(used) in investing activities		7,807	(5,336)
Financing activities			
Proceeds from bank loans	23(a)	53,306	64,980
Payments on bank loans		(45,000)	(32,000)
Payment on redemption of convertible bonds		(7,781)	(41)
Other cash flows arising from financing activities		(2,873)	(1,319)
Net cash (used)/generated from financing activities		(2,348)	31,620
Net (decrease)/increase in cash and cash equivalents		(6,503)	5,572
Cash and cash equivalents at 1 January	8	29,981	29,723
Effect of foreign exchanges rates changes		(386)	(960)
Cash and cash equivalents at 30 June	8	23,092	34,335

The notes on pages 25 to 72 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard “HKAS” 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants “HKICPA”. It was authorised for issue on 30 August 2023.

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

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

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

This interim financial report is unaudited, but has reviewed by the Audit Committee of the Company.

2 CHANGES IN ACCOUNTING POLICIES

(a) New and amended HKFRSs

The Group has applied the following new and amended amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES *(continued)*

(a) New and amended HKFRSs *(continued)*

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Guarantee fee income		
– Income from online financial guarantees	18,803	60,421
– Income from performance guarantees	144	471
– Income from financial guarantees	121	505
– Income from litigation guarantees	—	65
Gross guarantee fee income	19,068	61,462
Less: guarantee service fee	(17,305)	(46,675)
Net guarantee fee income	1,763	14,787
Service fee from consulting services	12	615
Sales of market hogs	1,151	31,066
Total	2,926	46,468

The principal activities of the Group are the provision of guarantees, financial leasing, factoring, sales of market hogs and financial consultancy services.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Financial services: providing guarantee service, factoring service, financial leasing service and financial consulting service in the People's Republic of China (the "PRC").
- Pig selling: start with year 2020, the Group acquired Yangmianshan Company Limited ("Yangmianshan") to diversify the business of the Group. The main business of Yangmianshan is sales of market hogs in the PRC.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets, investments in financial assets and biological assets with the exception of interests in associates, deferred tax assets. Segment liabilities include liabilities from guarantees, pledged deposits received, interest-bearing borrowings, liability component of convertible bonds, accruals and other payables and lease liabilities managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "loss/profit for the period". To arrive at loss/profit for the period the Group's revenue are further adjusted for items, such as impairment, operating expenses and share of gains of associates.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Disaggregation of revenue by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource assessment of segment performance for the period is set out below:

	Financial services		Yangmianshan		Total	
	Six months ended 30 June					
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition						
Over time:						
Guarantee income	19,068	61,462	–	–	19,068	61,462
Inter-segment revenue	–	–	–	–	–	–
Less: guarantee service fee	(17,305)	(46,675)	–	–	(17,305)	(46,675)
Net guarantee fee income	1,763	14,787	–	–	1,763	14,787
Service fee from consulting services	12	615	–	–	12	615
Point in time:						
Sales of market hogs	–	–	1,151	31,066	1,151	31,066
Reportable segment revenue	1,775	15,402	1,151	31,066	2,926	46,468

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (continued)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities (continued)

	Financial services		Yangmianshan		Total	
	Six months ended 30 June					
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Other revenue	1,366	8,351	1,343	195	2,709	8,546
Cost of market hogs sold	–	–	(5,759)	(28,602)	(5,759)	(28,602)
Impairment and provision charged	938	(58,644)	–	–	938	(58,644)
Operating expenses	(16,886)	(20,230)	(8,241)	(13,781)	(25,127)	(34,011)
Research and development costs	(592)	(792)	–	–	(592)	(792)
Interest expenses	(4,155)	(5,442)	(3,754)	(3,447)	(7,909)	(8,889)
Net changes in fair value on financial assets	–	(216)	–	–	–	(216)
Net changes in fair value of biological assets	–	–	3,091	9,608	3,091	9,608
Reportable segment loss before taxation	(17,554)	(61,571)	(12,169)	(4,961)	(29,723)	(66,532)
Income tax	(3,857)	2,560	–	–	(3,857)	2,560
Reportable segment loss for the period	(21,411)	(59,011)	(12,169)	(4,961)	(33,580)	(63,972)
Share of losses of associates	(1,318)	(1,309)	–	–	(1,318)	(1,309)
Consolidated loss for the period	(22,729)	(60,320)	(12,169)	(4,961)	(34,898)	(65,281)
As at 30 June/ 31 December						
Reportable segment assets	516,065	561,150	187,486	197,019	703,551	758,169
Reportable segment liabilities	187,194	213,621	245,840	243,204	433,034	456,825

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reportable segment assets and liabilities

	Financial services		Yangmianshan		Total	
	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Assets						
Reportable segment assets	516,065	561,150	187,486	197,019	703,551	758,169
Elimination of inter-segment receivables	(84,985)	(70,603)	–	–	(84,985)	(70,603)
Interests in associates	21,418	22,736	–	–	21,418	22,736
Deferred tax assets	25,412	29,245	–	–	25,412	29,245
Consolidated total assets	477,910	542,528	187,486	197,019	665,396	739,547

	Financial services		Yangmianshan		Total	
	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Liabilities						
Reportable segment liabilities	187,194	213,621	245,840	243,204	433,034	456,825
Elimination of inter-segment payable	–	–	(84,985)	(70,603)	(84,985)	(70,603)
Current tax liabilities	16,491	16,468	–	–	16,491	16,468
Consolidated total liabilities	203,685	230,089	160,855	172,601	364,540	402,690

(iii) Geographic information

The reportable segments do not separate by geographic information as major segments business are located in the PRC.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Fair value gain on modification of the terms of convertible bonds		–	6,938
Interest income from bank deposits		1,144	1,807
Government grants	(a)	477	218
Others		1,088	(417)
Total		2,709	8,546

- (a) The Heshan Municipal Finance Bureau provided several government grants totaling RMB2,514,000 for Yangmianshan Company to support its hog farming industry in 2021. The amortization of the government subsidy for the six months ended 30 June 2023 was RMB192,000.

Foshan Success Cloud Technology Company Limited (“Success Cloud”) received funding support mainly from the Economic Promotion Bureau of Shunde District of Foshan City. The entitlement of the government grants were under the discretion of the relevant government bureaus. The purpose of the government grants was to promote the development of high-tech enterprises and information technology enterprises. For the six months ended 30 June 2023, a government grant amounted to RMB200,000 (30 June 2022: nil) was rewarded to Success Cloud.

Guangdong Success Finance Guarantee Company Limited (“Success Guarantee”) received funding support mainly from Foshan Municipal Bureau of Finance. The entitlement of the government grants were under the discretion of the relevant government bureaus. The government grants were provided to the Group for its support to small and medium enterprises. The grants were unconditional and were therefore recognised as income when received. Apart from this, some grants were rewarded to the company to maintain its occupation stability and support its development.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION

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

(a) Impairment and provision - (credited)/charged

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Provision (credited)/charged for guarantees issued	21(a)	(2,036)	10,392
Impairment allowances charged/(credited) for:			
– receivables from guarantee payments	10(a)(ii)	297	24,530
– factoring receivables	11(b)	550	3,396
– finance lease receivables	12(b)	1,092	13,303
– deposit and other receivables	10(c)	159	7,023
– amounts due from related parties		(1,000)	–
Total		(938)	58,644

(b) Staff costs

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Salaries, wages and other benefits	9,832	12,808
Contributions to defined contribution retirement plan	334	431
Equity settled share-based payment expenses	326	1,000
Total	10,492	14,239

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in defined contribution retirement benefit schemes (the “Schemes”) organized by the local authority whereby the PRC subsidiaries are required to make contributions to the Schemes based on certain percentages of the eligible employees’ salaries. The local government authority is responsible for the entire pension obligations payable to the retired employees.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 LOSS BEFORE TAXATION *(continued)*

(b) Staff costs *(continued)*

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

On 18 May 2020, the Group granted 31,755,400 share options to directors and key personnel. These options will be exercisable at HKD0.84 per share and mature within 10 years.

(c) Other items

		Six months ended 30 June	
		2023	2022
		RMB'000	RMB'000
	<i>Note</i>		
Depreciation charge		2,657	913
– right-of-use assets		815	807
– owned equipment		1,842	106
Operating lease charges in respect of leasing of properties	(i)	98	44
Auditors' remuneration		474	1,700
Net foreign exchange loss		386	960
Loss of inventory	(ii)	4,207	9,571

(i) The operating lease charges above are exempted from HKFRS 16 since the remaining lease term ends within 12 months.

(ii) The main business of Yangmianshan is sales of market hogs in the PRC. The loss of inventory as at 30 June 2023 is RMB 4,207,000 (30 June 2022: RMB 9,571,000) represents the cost arising from the loss of hogs.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Current tax		
Provision for PRC income tax for the period	–	–
Tax filing differences	(24)	(155)
Deferred tax		
Origination and reversal of temporary differences	(3,833)	2,715
Total	(3,857)	2,560

(b) Reconciliation between income tax and accounting loss at applicable tax rates:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Loss before taxation	(31,041)	(67,841)
Notional tax on loss before taxation, calculated at the rates applicable in the jurisdictions concerned	7,760	16,961
Tax effect of unused tax losses not recognised	(10,799)	(14,080)
Tax effect of non-deductible expenses	(794)	(166)
Tax filing differences	(24)	(155)
Actual tax (expense)/income	(3,857)	2,560

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

(b) Reconciliation between income tax and accounting loss at applicable tax rates: *(continued)*

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands, respectively.
- (ii) Hong Kong has proposed Foreign Source Income Exemption for the Company and the subsidiaries located in Hong Kong, but the Company and the subsidiaries had not derived any income subject to Hong Kong Profits Tax during the year.
- (iii) According to the PRC Corporate Income Tax ("CIT") Law that took effect on 1 January 2008, the Group's PRC subsidiaries are subject to PRC income tax at the statutory tax rate of 25%.

Pursuant to the article 27 of Law of the People's Republic of China on Enterprise Income Tax (No. 63 Order of the President of the People's Republic of China), Yangmianshan is entitled to full income tax exemptions on its animal husbandry business.

- (iv) Pursuant to the CIT Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax. As a part of the continuing evaluation of the Group's dividend policy, management considered that for the purpose of business development, the undistributed losses from 1 January 2008 of the PRC subsidiaries amounted to RMB 467,317,000 as at 30 June 2023 (31 December 2022: RMB 436,277,000) will not be distributed in the foreseeable future. As such, no deferred tax liabilities were recognised in respect of the PRC withholding tax.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 LOSS PER SHARE

(a) Basic losses per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB28,896,000 (loss for six months ended 30 June 2022: RMB 62,577,000) and the weighted average of 552,158,000 ordinary shares (six months ended 30 June 2022: 547,571,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2023 '000	2022 '000
Issued ordinary shares at 1 January	552,158	542,305
Effect of convertible bonds transferred to shares	—	5,266
Weighted average number of ordinary shares at 30 June	552,158	547,571

(b) Diluted losses per share

The Group has convertible bonds as dilutive potential ordinary shares during the period ended 30 June 2023. Diluted loss per share for the period ended 30 June 2023 is (0.05) (2022:(0.11)).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

8 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Demand deposits and term deposits with banks with original maturity less than three months	22,996	29,839
Restricted customer pledged deposits	61	61
Restricted third-party pledged deposits	106,853	119,918
Other restricted funds	407	8,391
Cash on hand	96	142
Cash and bank deposits in the consolidated statement of financial position	130,413	158,351
Restricted customer pledged deposits	(61)	(61)
Restricted third-party pledged deposits	(106,853)	(119,918)
Other restricted funds	(407)	(8,391)
Cash and cash equivalents in the consolidated cash flow statement	23,092	29,981

As at 30 June, the restricted pledged deposits received were maintained as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Restricted third-party pledged deposits	106,853	119,918
Restricted customer pledged deposits:		
– designated custodian bank accounts	56	56
– the Group's bank accounts	5	5
Total	106,914	119,979

9 PLEDGED BANK DEPOSITS

Pledged bank deposits represent the deposits pledged to banks for the financial guarantees that the Group provides to the customers for their borrowings from banks.

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Receivables from guarantee payments	(a)(i)	139,062	139,062
Less: allowances for doubtful debts	(a)(ii)	(116,769)	(115,512)
		22,293	23,550
Trade debtors from consultancy services		1,573	1,736
Trade debtors from guarantees		837	1,055
Trade debtors from sales of biological assets		246	–
		2,656	2,791
Trade receivables	(a)	24,949	26,341
Down payments for investments net of impairment allowances	(b)	–	–
Deposit and other receivables, net of impairment allowances	(c)	103,994	127,168
Amounts due from related parties	31(c)	5,910	6,614
		134,853	160,123
Deferred expenses of online financial guarantee business		2,536	18,106
Prepayments to online financial guarantees		–	3,656
Prepayments for constructions		32,281	15,999
Prepayments to third parties		1,944	2,507
Mortgage assets		2,563	2,655
Others		572	572
Total		174,749	203,618

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Aging analysis of trade receivables

As of the end of the reporting period, the aging analysis of trade receivables (net of allowances for doubtful debts), based on the guarantee income recognition date or advance payment date, is as follows:

<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 month	523	741
Over 1 month but less than 3 months	246	–
Over 3 months but less than 1 year	–	20,668
More than 1 year	140,949	120,444
Total	141,718	141,853
Less: allowances for doubtful debts (ii)	(116,769)	(115,512)
Total	24,949	26,341

(i) *Receivables from guarantee payments*

Receivables from guarantee payments represented payments made by the Group to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurred because the customers fail to make payments when due in accordance with the terms of the corresponding debt instruments. Receivables from guarantee payments were interest-bearing and the Group holds certain collaterals over certain customers.

(ii) *Trade receivables that are impaired*

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Aging analysis of trade receivables *(continued)*

(ii) Trade receivables that are impaired *(continued)*

At 30 June 2023, the Group's debtors of RMB141,718,000 (31 December 2022: RMB141,853,000) of receivables from guarantee payments were determined to be stage 3 lifetime ECL credit-impaired, see note 10(a). These related to customers or other parties that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered. Consequently, allowances for the doubtful debts were recognised as follows:

	2023 Lifetime ECL credit- impaired RMB'000
As at 31 December 2022	115,512
Impairment allowances	1,257
Reversal	(960)
Recoveries	960
As at 30 June 2023	116,769
	2022 Lifetime ECL credit- impaired RMB'000
As at 31 December 2021	98,989
Impairment allowances	17,760
Reversal	(1,237)
Written-off	–
As at 31 December 2022	115,512

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Down payments for investments, net of impairment allowances

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Down payments for investments	50,550	50,550
Less: allowances	(50,550)	(50,550)
Total	–	–

Aging analysis

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
More than 1 year	50,550	50,550
Less: allowances	(50,550)	(50,550)
Total	–	–

Down payments for investments represented the down payments for the acquisition project that the Group is conducting. At 30 June 2023, the Group's debtors had impairment allowances of RMB50,550,000 of down payments for investments (31 December 2022: RMB50,550,000). These related to customers or other parties that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered. Down payments for investments were determined to be stage 3 lifetime ECL credit-impaired.

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(c) Deposit and other receivables, net of impairment allowances

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Deposit	10,164	17,178
Other receivables (i)	178,396	194,397
Less: allowances for other receivables	(84,566)	(84,407)
Total	103,994	127,168
Amounts due from related parties	10,543	12,247
Less: allowances	(4,633)	(5,633)
Total	5,910	6,614

Aging analysis

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Deposit and other receivables		
Less than 1 year	1,839	69,247
More than 1 year	186,721	142,328
Total	188,560	211,575
Less: allowances	(84,566)	(84,407)
Total	103,994	127,168
Amounts due from related parties		
Less than 1 year	–	–
More than 1 year	10,543	12,247
Total	10,543	12,247
Less: allowances	(4,633)	(5,633)
Total	5,910	6,614

- (i) Other receivables are mainly the prepayments of cooperation funds, deposits for rentals and other non-business related receivables. The prepayments of cooperation funds are provided by the Group to the unrelated third parties for joint business in the bidding or preparation stage. If the contract is not completed within the agreed dates, the unrelated third parties will return the funds to the Group.

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(c) Deposit and other receivables, net of impairment allowances *(continued)*

Aging analysis (continued)

	2023 Lifetime ECL credit- impaired RMB'000
As at 31 December 2022	(84,407)
Impairment allowances	(159)
As at 30 June 2023	(84,566)
	2022 Lifetime ECL credit- impaired RMB'000
As at 31 December 2021	(91,333)
Impairment allowances	(7,474)
Written-off	14,400
As at 31 December 2022	(84,407)

As at 30 June 2023, management adopted a lifetime ECL credit impaired assessment on the Group's debtor's amounting to RMB84,566,000 (31 December 2022: RMB84,407,000) for which a full impairment allowance had been provided.

As of 30 June 2023 and 31 December 2022, management adopted a lifetime ECL credit impaired assessment on the Group's amounts due from related parties amounting to RMB4,633,000 (31 December 2022: RMB5,633,000) for which a full impairment allowance had been provided.

Notes to the Unaudited Interim Financial Report

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11 FACTORING RECEIVABLES

	Note	At 30 June 2023		
		12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Factoring receivables		18,675	40,000	58,675
Interest receivable from factoring receivables		2,067	4,215	6,282
Less: allowances for factoring receivables	(a)/(b)	(2,331)	(36,086)	(38,417)
Carrying amount of factoring receivables		18,411	8,129	26,540

	Note	At 31 December 2022		
		12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Factoring receivables		18,675	40,000	58,675
Interest receivable from factoring receivables		2,067	4,215	6,282
Less: allowances for factoring receivables	(a)/(b)	(2,239)	(35,628)	(37,867)
Carrying amount of factoring receivables		18,503	8,587	27,090

(a) Aging analysis

As of the end of the reporting period, the aging analysis of factoring receivables, based on the maturity date in contracts, is as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 month	–	–
Over 1 month but less than 3 months	–	–
Over 3 months but less than 1 year	20,742	20,742
Overdue	44,215	44,215
Total	64,957	64,957
Less: allowances for factoring receivables	(38,417)	(37,867)
Total	26,540	27,090

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 FACTORING RECEIVABLES *(continued)*

(b) Impairment of factoring receivables

Impairment losses in respect of factoring receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly.

Consequently, an allowance of impairment losses for factoring receivables during the period/year was recognised as follows:

	2023		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Balance at 31 December 2022 and 1 January 2023	2,239	35,628	37,867
Net re-measurement of loss allowance	92	458	550
Balance at 30 June 2023	2,331	36,086	38,417
	2022		
	12-month ECL RMB'000	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Balance at 31 December 2021 and 1 January 2022	2,862	37,419	40,281
Net re-measurement of loss allowance	(623)	3,500	2,877
Written-off	–	(5,291)	(5,291)
Balance at 31 December 2022	2,239	35,628	37,867

Notes to the Unaudited Interim Financial Report

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12 FINANCE LEASE RECEIVABLES

	<i>Note</i>	2023 Lifetime ECL credit-impaired RMB'000
Net amount of finance lease receivables		165,222
Less: allowances for finance lease receivables	(a)/(b)	(145,844)
Carrying amount of finance lease receivables		19,378
	<i>Note</i>	2022 Lifetime ECL credit-impaired RMB'000
Net amount of finance lease receivables		165,222
Less: allowances for finance lease receivables	(a)/(b)	(144,752)
Carrying amount of finance lease receivables		20,470

(a) The table below analyses the Group's finance lease receivables by relevant maturity grouping at the end of the reporting period:

	At 30 June 2023		At 31 December 2022	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Overdue	165,222	165,222	165,222	165,222
Total	165,222	165,222	165,222	165,222
Less: allowances for finance lease receivables	(145,844)	(145,844)	(144,752)	(144,752)
Net investment in finance lease receivables	19,378	19,378	20,470	20,470

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 FINANCE LEASE RECEIVABLES (continued)

(b) Impairment allowances charged for finance lease receivables

	2023	
	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Balance at 31 December 2022 and 1 January 2023	144,752	144,752
Net re-measurement of loss allowance	1,092	1,092
Balance at 30 June 2023	145,844	145,844

	2022	
	Lifetime ECL credit-impaired RMB'000	Total RMB'000
Balance at 31 December 2021 and 1 January 2022	140,570	140,570
Net re-measurement of loss allowance	4,182	4,182
Balance at 31 December 2022	144,752	144,752

(c) An analysis of the overdue finance lease receivables is as follows:

	At 30 June 2023				At 31 December 2022			
	Overdue within 3 months RMB'000	Overdue over 3 months but within 1 year RMB'000	Overdue Over 1 year RMB'000	Total RMB'000	Overdue within 3 months RMB'000	Overdue over 3 months but within 1 year RMB'000	Overdue Over 1 year RMB'000	Total RMB'000
Finance lease receivables	–	–	165,222	165,222	–	–	165,222	165,222

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13 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries of the Group.

Name of company	Place of incorporation and kind of legal entity	Date of incorporation	Fully paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Double Chance Developments Limited ("Double Chance")	BVI Ltd	8 February 2012	1 share of USD1 each	100%	100%	–	Investment holding
China Success Capital Limited ("Success Capital")	BVI Ltd	29 June 2016	1 share of USD1 each	100%	100%	–	Investment holding
China Success Finance Holdings Limited ("Success Finance")	Hong Kong Ltd	18 November 2011	10,000 shares of HKD1 each	100%	–	100%	Investment holding
China Success Capital (HK) Limited ("Success Capital (HK)")	Hong Kong Ltd	1 August 2016	–	100%	–	100%	Provision of asset management and merger services outside the PRC
Guangdong Success Asset Management Company Limited ("Success Asset")	The PRC Ltd	23 June 2004	RMB 170,270,000	99.27%	–	99.27%	Provision of asset management and financial consultancy services in the PRC
Guangdong Success Finance Guarantee Company Limited ("Success Guarantee")	The PRC Ltd	26 December 1996	RMB 430,000,000	99.27%	–	100%	Provision of financial guarantee services in the PRC
Shenzhen Success Financial Leasing Company Limited ("Success Financial Leasing")	The PRC Ltd	6 June 2014	USD 28,000,000	100%	–	100%	Provision of financial leasing services in the PRC
Shenzhen Success Equity Investment Fund Management Limited ("Success Equity Fund")	The PRC Ltd	6 September 2014	RMB 15,000,000	100%	–	100%	Equity investment in the PRC
Foshan Success Cloud Technology Company Limited ("Success Cloud")	The PRC Ltd	9 January 2019	RMB 1,000,000	69.49%	–	70%	Provision of cloud technology development services in the PRC

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13 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Date of incorporation	Fully paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Shenzhen Success Number One Equity Investment Fund Limited Partnership ("Success Fund")	The PRC LLP	14 January 2015	RMB 194,000,000	100%	-	100%	Equity investment in the PRC
Shenzhen Qianhai Success Housing Management Consulting Company ("Qianhai Success Housing")	The PRC Ltd	8 July 2015	RMB 61,000,000	100%	-	100%	Provision of real estate financial services in the PRC
Guangzhou Hengyue Number Six Investment Limited Partnership ("Hengyue Number Six")	The PRC LLP	23 February 2017	RMB 45,070,027	99.34%	-	100%	Equity investment in the PRC
T. M. Management Limited ("T. M. Management")	Hong Kong Ltd	4 March 1986	HKD 100,000	100%	-	100%	Provision of portfolio management services such as stocks, funds, bonds and so on outside the PRC
Yangmianshan Company Limited	The PRC Ltd	15 December 2017	RMB 3,000,000	51%	-	51%	Provision of agricultural development services in the PRC

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14 INTERESTS IN ASSOCIATES

The following list contains the particulars of the associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and operation	Fully paid-up capital by all investors	Proportion of ownership interest		Principal activity
				Group's effective interest	Held by a subsidiary	
Guangzhou Hengsheng Fund Management Co., Ltd. ("Guangzhou Hengsheng") 廣州恆晟基金管理有限公司* (「恆晟基金」)	Incorporated	The PRC	RMB30,000,000	40% (note 1)	40%	Equity fund management
Kelly Integration (Guangdong) Holding Co., Ltd (Original name "Guangzhou Success Capital") 凱利集成 (廣東) 控股有限公司* (原名「廣州集成資本」)	Incorporated	The PRC	RMB18,000,000	30% (note 2)	30%	Business Service
Foshan Chancheng Success Micro Credit Co., Ltd. ("Success Credit") 佛山市禪城集成小額貸款有限公司* (「集成貸款」)	Incorporated	The PRC	RMB250,000,000	27.08% (note 3)	27.28%	Micro credit financing
Guangzhou Rongdacheng Information Technology Service Co., Ltd. ("Guangzhou Rongdacheng") 廣州融達成信息技術服務有限公司* (「廣州融達成」)	Incorporated	The PRC	RMB8,000,000	30% (note 4)	30%	Information technology

* The English translation of the names is for reference only. The official names of the entities are in Chinese.

Note 1 Together with two entities, Success Fund established Guangzhou Hengsheng on 23 November 2015. Success Fund had fully paid-up its subscribed capital of RMB20,000,000, which accounted for 40% of the total subscribed capital. Xizang Xuekunfushen Investment Co., Ltd. (西藏雪坤富神投資有限公司), one of its shareholders, has paid-up RMB3,900,000 of its subscribed capital in 2017, paid-up RMB1,100,000 in 2019 and paid-up RMB5,000,000 in 2020.

Note 2 Together with three entities, Qianhai Success Housing established Guangzhou Success Capital on 24 July 2019. Qianhai Success Housing had paid RMB4,000,000, which is half of its subscribed capital, and Qianhai Success Housing accounted for 40% of the total subscribed capital. In 2021, the holding percentage of Qianhai Success Housing was changed to 30% and its subscribed capital was changed to RMB6,000,000. China Kelly Group Co., Ltd. (中國凱利集團有限公司) has paid-up RMB3,000,000 of its subscribed capital in 2020 and paid-up RMB2,000,000 in 2021. Guangdong Hengyin Holding Co., Ltd. (廣東恆銀控股有限公司) has paid-up RMB1,880,000 of its subscribed capital in 2020 and paid-up RMB2,320,000 in 2021. Hua Ye Holding Co., Ltd. (華葉控股有限公司) has paid-up RMB3,000,000 of its subscribed capital in 2020. Guangdong Nengxing Culture Communication Co., Ltd. (廣東能興文化傳播有限公司) has paid-up RMB1,800,000 of its subscribed capital in 2020.

Note 3 The management made full impairment of interest in Success Credit in the year 2020.

Note 4 The management made full impairment of interest in Guangzhou Rongdacheng in the year 2022.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

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15 BIOLOGICAL ASSETS

	Current biological assets Market hogs RMB'000	Non-current biological assets Breeding stocks RMB'000	Non-current biological assets Agricultural produces RMB'000	Total RMB'000
At 1 January 2022 (audited)	11,536	14,656	545	26,737
Increase due to purchasing/raising	74,695	890	180	75,765
Decrease due to sales/disposal	(83,382)	(17,791)	–	(101,173)
Changes in fair value less costs to sell	(733)	2,245	–	1,512
At 31 December 2022 and 1 January 2023 (audited)	2,116	–	725	2,841
Increase due to purchasing/raising	4,759	–	–	4,759
Decrease due to sales/disposal	(9,966)	–	–	(9,966)
Changes in fair value less costs to sell	3,091	–	–	3,091
At 30 June 2023 (unaudited)	–	–	725	725

(i) Non-current biological assets

Non-current stocks are agricultural products which are eucalyptus.

(ii) Current biological assets

Current stocks are market hogs including piglets and growing hogs which are raised for sale.

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15 BIOLOGICAL ASSETS *(continued)*

(iii) The quantities of hogs owned by the Group at the end of the reporting period are as follows:

	At 30 June 2023 (Heads)	At 31 December 2022 (Heads)
Current biological assets		
– piglets	–	–
– growing hogs	–	1,616
Non-current biological assets		
– gilts	–	–
– sows	–	–

16 INVENTORIES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Raw materials	1,388	1,908

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17 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Pig farm and other building RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Improvements RMB'000	Construction in Progress RMB'000	Other properties leased for own use RMB'000	Total RMB'000
Cost							
At 1 January 2022	107,346	4,121	64,373	1,412	375	23,773	201,400
Additions	7,403	1,014	776	-	18,593	60	27,846
Transfer from construction in progress to fixed assets	-	-	-	-	-	-	-
Disposals	-	-	(273)	-	(9,192)	-	(9,465)
Exchange adjustments	-	120	25	-	-	-	145
At 31 December 2022 and 1 January 2023	114,749	5,255	64,901	1,412	9,776	23,833	219,926
Additions	-	44	2	-	-	416	462
Transfer from construction in progress to fixed assets	-	-	-	-	-	-	-
Disposals	-	(130)	-	-	-	-	(130)
Exchange adjustments	-	46	10	-	-	-	56
At 30 June 2023	114,749	5,215	64,913	1,412	9,776	24,249	220,314
Accumulated depreciation							
At 1 January 2022	(4,025)	(3,979)	(4,295)	(22)	-	(3,970)	(16,291)
Charge for the year	(5,742)	(190)	(4,305)	(67)	-	(1,734)	(12,038)
Written back on disposal	-	-	273	-	-	-	273
Exchange adjustments	-	(114)	(24)	-	-	(18)	(156)
At 31 December 2022 and 1 January 2023	(9,767)	(4,283)	(8,351)	(89)	-	(5,722)	(28,212)
Charge for the period	(2,869)	(156)	(2,172)	(27)	-	(866)	(6,090)
Written back on disposal	-	123	-	-	-	-	123
Exchange adjustments	-	(43)	(9)	-	-	(14)	(66)
At 30 June 2023	(12,636)	(4,359)	(10,532)	(116)	-	(6,602)	(34,245)
Net book value							
At 30 June 2023	102,113	856	54,381	1,296	9,776	17,647	186,069
At 31 December 2022	104,982	972	56,550	1,323	9,776	18,111	191,714

(b) Right-of-use assets

During the six months ended 30 June 2023, the Group entered into a number of lease agreements for use of house, and therefore recognised the additions to right-of-use assets of RMB416,000 (six months ended 30 June 2022: RMB48,000).

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18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Financial assets measured at FVPL		
– Unlisted equity investment	4,003	4,003
– Conversion option embedded in convertible bonds	2,961	2,961
Total	6,964	6,964

At 30 June 2023, the carrying amount of equity investment was RMB 4,003,000 (31 December 2022: RMB4,003,000), 3.5% of the value of Shengshi Junen Enterprise Management Company Limited (“Shengshi Junen Enterprise Management”).

19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
At 1 January		16,468	16,473
Provision for PRC income tax for the period/year	6(a)	24	155
PRC income tax paid		(1)	(160)
At 30 June/31 December		16,491	16,468

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19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised

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

	Deferred tax assets				Deferred tax liabilities				Total	Net
	Deferred income	Impairment allowances for trade and other receivables	Accrued expenses	Fair value change gains and losses	Total	Long-term unamortised expenses	Interest receivables	Re-guarantee fee		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2022	26,539	24,747	1,323	(164)	52,445	(23,193)	(1,796)	(70)	(25,059)	27,386
(Charged)/credited to profit or loss	(21,379)	4,131	(900)	1,180	(16,968)	18,662	179	(14)	18,827	1,859
At 31 December 2022 and 1 January 2023	5,160	28,878	423	1,016	35,477	(4,531)	(1,617)	(84)	(6,232)	29,245
(Charged)/credited to profit or loss	(4,136)	(4,904)	(267)	-	(9,307)	3,892	1,498	84	5,474	(3,833)
At 30 June 2023	1,024	23,974	156	1,016	26,170	(639)	(119)	-	(758)	25,412

20 GOODWILL

On 14 February 2018, the Group acquired 100% ordinary shares of T. M. Management Limited, which is licensed to carry out business of Type 9 Regulated activities as defined in the Securities and Futures Ordinance. The total consideration of the transaction was HKD6,897,000 which was paid in cash, of which HKD1,290,000 has been prepaid as at 31 December 2017. This has resulted in a goodwill arising on a business combination amounted to HKD6,500,000. Since T.M. Management conduct no business activities until 31 December 2019, the Group has charged full impairment for the goodwill of T.M. Management.

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21 LIABILITIES FROM GUARANTEES

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Deferred income		5,899	22,640
Provision of guarantee losses	(a)	14,708	16,744
Total		20,607	39,384

(a) Provision of guarantee losses

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
At 1 January		16,744	14,998
(Credited)/charged for the period/year	5(a)	(2,036)	1,746
At 30 June/31 December		14,708	16,744

22 PLEDGED DEPOSITS RECEIVED

Pledged deposits received represent deposits received from customers or third parties as collateral security for the online financial guarantees issued by the Group. These deposits will be refunded to the customers or third parties upon expiry of the corresponding guarantee contracts. According to the contract, these deposits are expected to be settled within one year.

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23 INTEREST-BEARING BORROWINGS

	<i>Note</i>	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank borrowings	(a)	142,286	133,980
Total		142,286	133,980

(a) Bank borrowings

As at 30 June 2023, a short-term interest-bearing loan of RMB50,000,000 were repayable within one year was secured.

As at 30 June 2023, banking facilities of the Group totaling RMB153,479,000 (31 December 2022: RMB140,000,000) were utilised to the extent of RMB142,286,000 (31 December 2022: RMB133,980,000).

No covenants relating to the Group or the subsidiary's financial ratios were required by the bank as of 30 June 2023.

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24 LIABILITY COMPONENT OF CONVERTIBLE BONDS

On 16 May 2022, the Company entered into a third amendment deed (“3rd Amendment Deed”). Pursuant to the 3rd Amendment Deed, certain terms of the CBs were as below: (i) the coupon rate of the CB remains at 6.5% starting from 1 February 2022, (ii) the maturity redemption internal rate of return remains at 10.5%, (iii) the maturity date of the remaining CB was extended to 31 January 2023, and (iv) the default interest is waived. For details, please refer to the Company’s announcement on 10 June 2022.

Major financial requirements of the 3rd Amendment Deed CBs are as below:

- the Total Net Assets being not less than RMB445,000,000 (or its equivalent in any other currency or currencies) without taking into account the effect on the Total Net Assets caused by a change of the fair value for the Bonds;
- the Gearing Ratio being not more than seventy-five (75) percent;

The amendment resulted in the derecognition of the Amendment Deed CBs as a whole and the recognition of new financial liability and equity components of the 3rd Amendment Deed CBs and a financial asset at fair value of RMB2,961,000 for the early redemption option.

The 3rd Amendment Deed CBs contain two components, the liability and equity components. The initial fair value of the liability component was estimated to be approximately HKD54,803,000 as at 16 May 2022. In subsequent periods, the liability component is measured at amortized cost using effective interest rate method. The residual amount representing the value of the equity component of approximately HKD6,235,000, was presented in equity under the heading ‘capital reserve’.

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(Expressed in Renminbi unless otherwise indicated)

24 LIABILITY COMPONENT OF CONVERTIBLE BONDS *(continued)*

Pursuant to the Third Supplemental Deed of Amendment, Expert Depot has agreed to pledge the 110,000,000 Shares in its CCBI Account in favour of the Purchaser to secure all sums that remain due and payable under the Convertible Bonds by the Company to the Purchaser. As at the date of this report, Expert Depot holds a total of 122,702,000 Shares, representing approximately 22.22% of the total issued Shares and the pledged shares represent approximately 19.92% of the total issued Shares. Expert Depot is directly wholly owned by Mr. Zhang Tiewei.

- the Group has converted HKD5,000,000 to 4,587,156 ordinary shares on 18 January 2022. The converted ordinary shares account for 0.83% of all ordinary shares, and increased RMB 4,039,000 share premium.
- the Group has repaid the convertible bonds including interest amounted of HKD501,095 in February 2022.
- the Group has converted HKD5,000,000 to 4,587,156 ordinary shares on 13 June 2022. The converted ordinary shares account for 0.83% of all ordinary shares, and increased RMB 4,259,000 share premium.
- the Group has repaid the convertible bonds including interest amounted of HKD4,621,200 in August 2022.
- The convertible bonds have expired on 31 January 2023.
- the Group has repaid the convertible bonds including interest amounted of HKD9,636,904 in January 2023.
- The Company entered into a fourth amendment deed on 30 June 2023 and amendment completion took place on 18 July 2023.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

24 LIABILITY COMPONENT OF CONVERTIBLE BONDS *(continued)*

The movements of components of the CBs, 3rd Amendment Deed CBs during the period is set out below:

	Liability component RMB'000	Equity component RMB'000
1 January 2022	58,653	1,525
Conversion during the Period	(4,588)	(119)
Net change in interest and fees payable	(1,058)	–
Repayment of CBs	(408)	–
Exchange adjustment	5,059	–
At 16 May 2022 before modification	57,658	1,406
Derecognition of the CBs	(57,658)	(1,406)
Recognition of the New CBs upon modification	47,384	5,390
Conversion after modification	(4,184)	(458)
Repayment of CBS	(3,950)	–
Net change in interest and fees payable	972	–
Exchange adjustment	4,004	–
At 31 December 2022	44,226	4,932
Repayment of CBS	(7,781)	–
Net change in interest and fees payable	(1,041)	–
Exchange adjustment	2,656	–
At 30 June 2023	38,060	4,932

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25 ACCRUALS AND OTHER PAYABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Accruals and other payables	27,647	35,666

- (i) Accruals and other payables are expected to be settled within one year or time dependent but both of them are repayable on demand.

26 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	At 30 June 2023		At 31 December 2022	
	Present Value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present Value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	1,859	1,926	1,730	1,792
After 1 year but within 2 years	1,400	1,562	1,552	1,680
After 2 years but within 5 years	1,720	2,067	1,786	2,088
After 5 years	7,556	15,836	7,919	16,612
	10,676	19,465	11,257	20,380
	12,535	21,391	12,987	22,172
Less: total future interest expenses		(8,856)		(9,185)
Present value of lease liabilities		12,535		12,987

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27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 6 November 2013, the Group granted the share options (the “Pre-IPO Share Options”), it granted one director and 49 employees in the Group to subscribe for ordinary shares of the Group at HKD1.90 each. Each option gives the holder the right to subscribe for one ordinary share in the Group and is settled gross in shares.

On 18 May 2020, the Group granted the share options (the “Post-IPO Share Options”). Upon acceptance by the relevant grantees, it has been granted 31,755,400 share options to subscribe for 31,755,400 ordinary shares of the Company at HKD0.84 each. Among 31,755,400 share options, 3,600,000 share options have been granted to directors of the board of directors, 3,155,400 share options have been granted to core employees of the Group, and 25,000,000 share options have been granted to employees of the Group with specific performance targets for incentives. These options will be exercisable at HKD0.84 per share and mature within 10 years.

(a) The terms and conditions of the grants are as follows:

Date granted	Vesting date	Expiry date	Number of share options granted			Contractual life of options
			Director	Employees	Total	
18 May 2020	18 May 2020	17 May 2030	3,600,000	3,155,400	6,755,400	10 years
	31 March 2021	17 May 2030	–	6,250,000	6,250,000	10 years
	31 March 2022	17 May 2030	–	8,750,000	8,750,000	10 years
	31 March 2023	17 May 2030	–	10,000,000	10,000,000	10 years
			3,600,000	28,155,400	31,755,400	
6 November 2013	30 June 2014	5 November 2023	500,000	4,500,000	5,000,000	10 years
	30 June 2016	5 November 2023	300,000	2,700,000	3,000,000	10 years
	30 June 2018	5 November 2023	200,000	1,800,000	2,000,000	10 years
			1,000,000	9,000,000	10,000,000	

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27 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	At 30 June 2023		At 31 December 2022	
	Exercise price	Number of options '000	Exercise price	Number of options '000
Date granted 18 May 2020				
Granted and outstanding on grant day	HKD 0.84	31,455	HKD 0.84	31,605
Forfeited during the period/year	HKD 0.84	(480)	HKD 0.84	(30)
Exercised during the period/year	HKD 0.84	–	HKD 0.84	(120)
Granted and outstanding at the end of the period/year	HKD 0.84	30,975	HKD 0.84	31,455
Exercisable at the end of the period/year	HKD 0.84	30,975	HKD 0.84	31,455

	At 30 June 2023		At 31 December 2022	
	Exercise price	Number of options '000	Exercise price	Number of options '000
Date granted 6 November 2013				
Granted and outstanding at the beginning of the period/year	HKD1.90	6,408	HKD1.90	6,448
Forfeited during the period/year	HKD1.90	(495)	HKD1.90	(40)
Exercised during the period/year	HKD1.90	–	HKD1.90	–
Granted and outstanding at the end of the period/year	HKD1.90	5,913	HKD1.90	6,408
Exercisable at the end of the period/year	HKD1.90	5,913	HKD1.90	6,408

Note: The options outstanding at 30 June 2023 had an exercise price of HKD0.84 or HKD1.90 and a weighted average remaining contractual life of 6.88 years or 0.34 years (31 December 2022: 7.38 years or 0.84 years).

Notes to the Unaudited Interim Financial Report

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27 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(c) Fair value of share options and assumptions:

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value and assumptions of share options granted on 18 May 2020

Fair value (weighted average) per share option at measurement date	HKD0.42
Share price	HKD0.84
Exercise price	HKD0.84
Expected volatility rate	52%
Option life	10 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	0.55%

Fair value and assumptions of share options granted on 6 November 2013

Fair value (weighted average) per share option at measurement date	HKD1.60
Share price	HKD2.68
Exercise price	HKD1.90
Expected volatility rate	65%
Option life	10 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	1.87%

The expected volatility is based on the historic volatilities of the share prices of the comparable companies in recent years around the date of valuation. Changes in the subjective input assumptions could materially affect the fair value estimate.

The risk-free rate of interest with expected term shown above was taken to be the linearly interpolated yields of the Hong Kong Exchange Fund Notes as at the grant date.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no other market conditions associated with the share options grants.

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28 SHARE CAPITAL AND RESERVES

(a) Dividends

The Company did not declare dividend through six months ended 30 June 2023 and the period ended 30 June 2022. Thus, there is no balance for dividend payable at 30 June 2023.

(b) Share capital

(i) Authorised and issued share capital

	At 30 June 2023			At 31 December 2022		
	No. of shares '000	Share capital HKD'000	Share capital RMB'000	No. of shares '000	Share capital HKD'000	Share capital RMB'000
Authorised:						
Ordinary shares of HKD0.01 each	800,000	8,000	6,512	800,000	8,000	6,512
Ordinary shares, issued and fully paid:						
At 1 January	552,307	5,523	4,420	543,013	5,430	4,343
Convertible bonds convert to share capital&exercise share option	–	–	–	9,294	93	77
At 30 June/31 December	552,307	5,523	4,420	552,307	5,523	4,420

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Share premium

Under the Companies Law of the Cayman Islands, the funds in the Company's share premium account are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

28 SHARE CAPITAL AND RESERVES *(continued)*

(d) Capital reserve

The capital reserve comprises the following:

- The amendment resulted in the derecognition of the Amendment Deed CBs as a whole, and the recognition of new financial liability and equity components. The difference between new equity components of convertible bonds and original equity components of convertible bonds;
- the difference between the nominal value of share capital of the Company and the paid-up capital of Success Guarantee, plus the net assets acquired from the inserting companies (holding companies of Success Guarantee, including the Company, Double Chance, Success Finance and Success Asset) pursuant to a Group reorganisation completed on 17 September 2012;
- the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payment;
- the amount allocated to the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes;
- the waiver of debts from related parties in 2013; and
- On 18 May 2020, the Group granted 31,755,400 share options to directors and key personnel. Amortization of the share options in the current period form the amounts.

(e) Surplus reserve

Surplus reserve comprises statutory surplus reserve and discretionary surplus reserve.

The entities established in the PRC are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises (2006) and other relevant regulations issued by the Ministry of Finance of the PRC (“MOF”), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

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28 SHARE CAPITAL AND RESERVES *(continued)*

(e) Surplus reserve *(continued)*

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders. Subject to the approval of shareholders, discretionary surplus reserves may be used to make good previous years' losses, if any, and may be converted into capital.

(f) Regulatory reserve

According to the Interim Measures for the Administration of Financial Guarantee Companies ("Interim Measures") issued at 8 March 2010 by the relevant government authorities in the PRC, financial guarantee companies shall establish unearned premium reserve equal to 50% of guarantee premium recognised during the year, and indemnification reserve of no less than 1% of the outstanding guarantee balances undertaken by the entities established in the PRC. The Group started to accrue the required amounts set by relevant government authorities less the provision of financial guarantee losses as regulatory reserve from 2011. According to the details implementation guidance No. 149 issued by the People's Government of Guangdong Province on the Interim Measures, the use of the aforementioned regulatory reserve is subject to further guidance from the Financial Work Office of People's Government of Guangdong Province.

(g) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(h) Accumulated losses

At 30 June 2023, the accumulated losses of the Company was RMB158,450,000 (31 December 2022: RMB132,815,000).

The directors had not proposed any dividends distribution for the six months ended 30 June 2023 and the years ended 31 December 2022.

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

As at 30 June 2023, the Group's held other financial assets, which were measured at FVPL (see note 18), with fair value measurement categorised into Level 3.

Information about Level 3 fair value measurements

The fair value of unlisted equity investment is determined using the sales comparison approach for the land element of the property and depreciated replacement cost approach for the improvement of the property.

The fair value of conversion option embedded in convertible bonds is determined using Binominal Model. The valuation was carried by an independent qualified valuer. The Group's management has discussed with the valuer about the valuation assumptions and results.

Notes to the Unaudited Interim Financial Report

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

(i) Financial assets measured at fair value *(continued)*

Information about Level 3 fair value measurements *(continued)*

The movement during the period/year in the balance of Level 3 fair value measurements is as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Financial assets measured at FVTPL:		
At 1 January	6,964	46,673
Conversion option embedded in convertible bonds	–	1,018
Repurchase option	–	(32)
Changes in fair value recognised in profit or loss during the period/year	–	(40,695)
At 30 June/31 December	6,964	6,964

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2023 and as at 31 December 2022.

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments.

Notes to the Unaudited Interim Financial Report

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

(ii) Fair values of financial assets and liabilities carried at other than fair value *(continued)*

(i) *Trade and other receivables, factoring receivable and finance lease receivable*

Trade and other receivables, factoring receivable and finance lease receivable are initially recognised at fair value and thereafter stated at amortised cost less allowances for impairment of doubtful debts. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date.

(ii) *Guarantees issued*

The fair value of guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(iii) *Interest rates used for determining fair value*

The market interest rates adopted for determining the fair value of trade and other receivables are ranging from 1.78% to 2.42% as at 30 June 2023 (2022: 1.77% to 2.49%).

30 COMMITMENTS

There are no capital commitments outstanding at 30 June 2023 and 31 December 2022.

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31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors, certain of the highest paid employees and two other key management personnel, is as follows:

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Salaries, allowances and other benefits	5,268	6,036
Contributions to defined contribution retirement plan	91	89
Total	5,359	6,125

Total remuneration is included in "staff costs" (note 5(b)).

(b) Related parties transactions

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Services fee expense	945	700
Total	945	700

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31 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

At the end of the reporting period, the Group had the following balances with related parties:

Amounts due from related parties

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Success Credit	(i)	–	–
Grace Creative Corporation Limited		5,910	6,614
Total		5,910	6,614

- (i) In 2018, the balance on borrowings from Success Asset to Success Credit was RMB4,633,000, which includes a principal of RMB 2,480,000 and an interest of RMB2,153,000. The interest rate of this borrowing is 12%. Based on the operating condition of Success Credit, impairment has been made for the receivable. In 2023, Success Asset received a repayment from Success Credit in the amount of RMB 1,000,000.

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 18 July 2023, the Company entered into a fourth amendment deed (“**4th Amendment Deed**”). Pursuant to the 4th Amendment Deed, certain terms of the CBs were as below:

- (i) the maturity date of the remaining HKD12,000,000 CB was extended to 31 July 2023;
- (ii) the maturity date of the remaining HKD14,000,000 CB was extended to 31 January 2024;
- (iii) the maturity date of the remaining HKD14,000,000 CB was extended to 31 July 2024;
- (iv) the default interest is waived.

Major financial requirements of the 4th Amendment Deed CBs are as below:

- The Total Net Assets shall not be less than RMB280,000,000 (or its equivalent in any other currency or currencies) at any time after (and including) 31 January 2023, without taking into account the effect on the Total Net Assets caused by a change of the fair value for the Convertible Bonds;

For details, please refer to the Company’s announcement on 30 June 2023 and 18 July 2023.

DIVIDENDS

The Board has resolved not to declare an interim dividend by the Company for the six months period ended 30 June 2023.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

INTEREST IN THE SHARES OF THE COMPANY

Name of Director	Nature of interest	Notes	Number of shares held	Number of underlying shares	Total interests (long position)	Approximate percentage of shareholding ^(Note B)
Mr. Zhang Tiewei	Beneficial interest, interests held jointly with other persons and interest in a controlled corporation	1, 2, 9	262,402,000	400,000	262,802,000	47.58%
Mr. Xu Kaiying	Interests held jointly with other persons and interest in a controlled corporation	3, 4, 9	262,402,000	400,000	262,802,000	47.58%
Mr. Pang Haoquan	Interests held jointly with other persons and interest in a controlled corporation	5, 6, 9	262,402,000	400,000	262,802,000	47.58%
Mr. Li Bin	Beneficial Interest	7	–	1,400,000	1,400,000	0.25%
Ms. Dai Jing	Beneficial interest	7	–	1,300,000	1,300,000	0.24%
Mr. Tsang Hung Kei	Beneficial Interest	7	–	400,000	400,000	0.07%
Mr. Au Tien Chee Arthur	Beneficial Interest	7	–	400,000	400,000	0.07%
Mr. Zhou Xiaojiang	Beneficial Interest	7	–	400,000	400,000	0.07%

Other Information

Notes:

1. Mr. Zhang Tiewei, Chairman and executive Director, directly held 1,638,000 shares and 122,560,000 shares are held indirectly by him through Expert Depot Limited, a company incorporated in the British Virgin Islands which is wholly owned by him. By virtue of the SFO, he is also deemed to be interested in 138,204,000 Shares through an acting in concert confirmation dated 17 February 2023.
2. Mr. Zhang Tiewei's interest under equity derivatives was 400,000 share options.
3. Mr. Xu Kaiying, an executive Director, indirectly held 74,110,000 shares through Bliss Success Investments Limited, a company incorporated in the British Virgin Islands which is wholly owned by him. He is also deemed to be interested in 188,292,000 Shares through an acting in concert confirmation dated 17 February 2023 by virtue of the SFO.
4. Mr. Xu Kaiying's interest under equity derivatives was 400,000 share options.
5. Mr. Pang Haoquan, an executive Director, indirectly held 63,294,000 Shares through Novel Heritage Limited, a company incorporated in the British Virgin Islands which is wholly owned by him. He is also deemed to be interested in 199,108,000 Shares through an acting in concert confirmation dated 17 February 2023 by virtue of the SFO.
6. Mr. Pang Haoquan's interest under equity derivatives was 400,000 share options.
7. The Company granted 1,000,000 and 900,000 options under the Pre-IPO Share Option Scheme to Mr. Li Bin and Ms. Dai Jing on 6 November 2013. On 18 May 2020, the Company granted 400,000 share options under the Post-IPO Share Option Scheme to each of the directors of the Board. Except for Mr. He Darong, the then non-executive director, the remaining directors all accepted the share options granted by the Company. During the six month period ended 30 June 2023, none of the Pre-IPO Share Options granted have been exercised or cancelled and the Pre-IPO Share Options to subscribe for 495,000 shares were lapsed. None of the Post-IPO Share Options granted have been exercised and the Post-IPO Share Options to subscribe for 480,000 shares were lapsed as well as 25,000,000 shares were cancelled.
8. Calculated with reference to the number of issued Shares (552,307,936 shares) as at 30 June 2023.
9. Pursuant to an acting in concert confirmation dated 17 February 2023, Mr. Zhang Tiewei, Mr. Xu Kaiying, and Mr. Pang Haoquan confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, they are deemed to be interested in 262,802,000 shares, representing approximately 47.58% of the total issued share capital of the Company as at 30 June 2023 by virtue of the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors and chief executives of the Company or their respective associates had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Name of director	Date of grant	Exercise Period (subject to vesting period)	Exercise price per share HKD	Exercised during the period	Number of shares subject to outstanding options as at 30 June 2023	Approximate percentage of our Company's issued capital
Zhang Tiewei	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Li Bin	6 November 2013	30 June 2014 –5 November 2023 <i>(Note 1)</i>	1.9	Nil	1,000,000	0.18%
	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Dai Jing	6 November 2013	30 June 2014 –5 November 2023 <i>(Note 2)</i>	1.9	Nil	900,000	0.16%
	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Xu Kaiying	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Pang Haoquan	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Tsang Hung Kei	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Au Tien Chee Arthur	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%
Zhou Xiaojiang	18 May 2020	18 May 2020–17 May 2030	0.84	Nil	400,000	0.07%

Notes:

- 500,000 share options, 300,000 share options and 200,000 share options are exercisable from 30 June 2014, 30 June 2016 and 30 June 2018, respectively. The share options are all exercisable until 5 November 2023.
- 450,000 share options, 270,000 share options and 180,000 share options are exercisable from 30 June 2014, 30 June 2016 and 30 June 2018, respectively. The share options are all exercisable until 5 November 2023.

Save as disclosed above, at no time during the six-month period ended 30 June 2023 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the reporting period.

Other Information

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

As at 30 June 2023, so far as is known to the Directors or chief executives of the Company, the following persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Capacity	Notes	Number of Shares	Equity Derivatives	Total Equity (Long Position)	Approximate Percentage of Shareholding <i>(Note 7)</i>
Expert Depot Limited	Beneficial interest	1, 5	122,560,000	–	122,560,000	22.19%
Bliss Success Investments Limited	Beneficial interest	2, 5	74,110,000	–	74,110,000	13.42%
Novel Heritage Limited	Beneficial interest	3, 5	63,294,000	–	63,294,000	11.46%
New Maestro Investments Limited	Beneficial interest	4	44,998,000	–	44,998,000	8.15%
Chance Talent Management Limited	Beneficial interest	7	–	36,697,248	36,697,248	6.64%

Notes:

- Expert Depot Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Zhang Tiewei, our Chairman and an executive Director. Pursuant to the Fourth Supplemental Deed of Amendment of convertible bonds, Expert Depot Limited has agreed to pledge the 110,000,000 Shares in its CCBI Account in favour of Chance Talent Management Limited (the "**Purchaser**") to secure the remaining outstanding principal amount of the convertible bonds, details please refer to the section of "Charges on Group Assets" on the following pages.
- Bliss Success Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Xu Kaiying, an executive Director.
- Novel Heritage Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Pang Haoquan, an executive Director.
- New Maestro Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. He Darong.
- Pursuant to an acting in concert confirmation dated 17 February 2023, Mr. Zhang Tiewei, Mr. Xu Kaiying, and Mr. Pang Haoquan confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, they are deemed to be interested in 262,802,000 shares, representing approximately 47.58% of the total issued share capital of the Company as at 30 June 2023 by virtue of the SFO.
- Calculated with reference to the number of issued Shares (552,307,936 shares) as at 30 June 2023.

7. On 1 February 2018, the Company issued convertible bonds in the aggregate principal amount of HK\$154 million to Chance Talent Management Limited (“**Chance Talent Management**”).

The aggregate outstanding principal amount of the convertible bonds is HK\$40,000,000 and will be repaid in instalments in 2023 and 2024 pursuant to the Fourth Supplemental Deed of Amendment dated 30 June 2023.

Assuming full conversion of the remaining balance of the convertible bonds at a conversion price of HK\$1.09 per share, 36,697,248 shares (the “**Convertible Shares**”) will be converted, issued and allotted to Chance Talent Management. For this purpose, Chance Talent Management is deemed to be interested in the Convertible Shares under the SFO.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who has the interests or short positions in any Shares or underlying Shares of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

SHARE OPTION SCHEME

Our Company maintains two share option schemes, namely the Pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) and the Post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”, together with the Pre-IPO Share Option Scheme, collectively referred as the “**Share Option Schemes**”). The schemes were adopted pursuant to a written resolution of shareholders of our Company passed on 18 October 2013 (the “**Adoption Date**”).

The Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant options to directors, senior management and employees of the Group to recognize their contribution to the Group, to retain and to motivate them. Our Board may, at its discretion, offer any employee of our Group, options to subscribe for shares in our Company subject to the terms and conditions of the Pre-IPO Share Option Scheme.

The number of options to be granted to each grantee under the Pre-IPO Share Option Scheme was determined by the Board based upon a number of factors, including but not limited to, years of experience of the employee, length of service, performance of the grantee and their contribution to the Group.

On 6 November 2013, our Company granted 10,000,000 options under the Pre-IPO Share Option Scheme, being the total number of options available to be granted under the Pre-IPO Share Option Scheme. Accordingly, no further options can be granted under the Pre-IPO Share Option Scheme. Share options which had been granted during the life of the Pre-IPO Share Option Scheme shall continue to be valid and exercisable until lapse. Our directors, senior management and other employees were granted options representing 1,000,000 shares, 3,000,000 shares and 6,000,000 shares, respectively.

During the six months period ended 30 June 2023, none of the Pre-IPO Share Options granted have been exercised or cancelled and the Pre-IPO Share Options to subscribe for 495,000 shares were lapsed.

Other Information

During the six-month period ended 30 June 2023, the movements of the options which have been granted under the Pre-IPO Share Option Scheme are set out below:

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2023	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2023
Category 1 – Director							
Li Bin	6 November 2013 – 30 June 2014	30 June 2014 - 5 November 2023	500,000	–	–	–	500,000
	6 November 2013 – 30 June 2016	30 June 2016 - 5 November 2023	300,000	–	–	–	300,000
	6 November 2013 – 30 June 2018	30 June 2018 - 5 November 2023	200,000	–	–	–	200,000
Dai Jing	6 November 2013 – 30 June 2014	30 June 2014 - 5 November 2023	450,000	–	–	–	450,000
	6 November 2013 – 30 June 2016	30 June 2016 - 5 November 2023	270,000	–	–	–	270,000
	6 November 2013 – 30 June 2018	30 June 2018 - 5 November 2023	180,000	–	–	–	180,000
Sub-Total			1,900,000	–	–	–	1,900,000

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2023	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2023
Category 2 – Employees under continuous employment contract							
	6 November 2013 – 30 June 2014	30 June 2014 - 5 November 2023	2,148,000	–	(247,500)	–	1,900,500
	6 November 2013 – 30 June 2016	30 June 2016 - 5 November 2023	1,416,000	–	(148,500)	–	1,267,500
	6 November 2013 – 30 June 2018	30 June 2018 - 5 November 2023	944,000	–	(99,000)	–	845,000
Sub-Total			4,508,000	–	(495,000)	–	4,013,000
Total			6,408,000	–	(495,000)	–	5,913,000

Notes:

- The date of grant of the options is 6 November 2013.
- The options have an exercise price of HK\$1.90.
- Ms. Dai Jing was a member of the senior management of the Company i.e. an employee under continuous employment contract when the share options were granted. Accordingly, her share options have been reclassified from the employees under continuous employment contract category to director category since her appointment as an executive Director of the Group on 18 May 2018.

The Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to participants including but not limited to employees, directors, consultants and business partners and to align their interests with the Group to further the development of the Group's business.

On 18 May 2020 (the "**Date of Grant**"), the Company granted 32,155,400 share options at an exercise price of HK\$0.84 per share under the Post-IPO share option scheme adopted by the Company on 18 October 2013, subject to the acceptance of the relevant grantees. Of 32,155,400 share options, 4,000,000 share options have been granted to all the directors of the Board (except for the then nonexecutive director Mr. He Darong, the other directors all accepted the share options granted by the Company), 3,155,400 share options have been granted to the core employees of the Group, and 25,000,000 share options have been granted to the employees of the Group who have been set specific performance targets as an incentive. No share option under the Post-IPO Share Option Scheme was granted during the Period.

For all the directors and core employees, the share options granted to them are vested in a lump sum from the Date of Grant and may be exercised at any time before the expiration of the 10-year period from the Date of Grant (the "**Share Option Period**").

For the employees with performance assessment, the share options granted to them may be exercised only after the employees with performance assessment have achieved the specific performance targets. The performance targets were determined by the Board and were determined based on a number of factors such as the position held by the employee within the Group and their years of experience. The number of share options available for grant under the Post-IPO Share Option Scheme at the beginning and at the end of the Period was 54,301,362 share options.

Other Information

During the six months period ended 30 June 2023, none of the Post-IPO Share Options granted have been exercised and the Post-IPO Share Options to subscribe for 480,000 shares were lapsed as well as 25,000,000 shares were cancelled.

During the six-month period ended 30 June 2023, the movements of the options which have been granted under the Post-IPO Share Option Scheme are set out below:

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2023	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2023
Category 1 – Director							
Zhang Tiwei	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Li Bin	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Dai Jing	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Xu Kaiying	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Pang Haoquan	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Tsang Hung Kei	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Au Tien Chee Arthur	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Xu Yan	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	(400,000)	-	0
Zhou Xiaojiang	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	400,000	-	-	-	400,000
Sub-Total			3,600,000	-	(400,000)	-	3,200,000

Other Information

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2023	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2023
Category 2 – Employees under continuous employment contract							
	18 May 2020 - 17 May 2030	18 May 2020 - 17 May 2030	2,855,400	–	(80,000)	–	2,775,400
Sub-Total			2,855,400	–	(80,000)	–	2,775,400
Category 3 – Employees with performance evaluation							
	31 March 2021 - 17 May 2030	31 March 2021 - 17 May 2030	6,250,000	–	–	(6,250,000)	0
	31 March 2022 - 17 May 2030	31 March 2022 - 17 May 2030	8,750,000	–	–	(8,750,000)	0
	31 March 2023 - 17 May 2030	31 March 2023 - 17 May 2030	10,000,000	–	–	(10,000,000)	0
Sub-Total			25,000,000	–	–	(25,000,000)	0
Total			31,455,400	–	(480,000)	(25,000,000)	5,975,400

Notes:

- The date of grant of the options is 18 May 2020.
- The options have an exercise price of HK\$0.84.
- Mr. Xu Yan retired as an independent non-executive director of the Company on 12 November 2022. The 400,000 share options held by him expired in February 2023.

CORPORATE GOVERNANCE

The Company has adopted and complied with the code provisions in Part 2 of Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the six months period ended 30 June 2023.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the code provisions in Part 2 of Appendix 14 to the Listing Rules.

CHANGES IN DIRECTORS’ INFORMATION

During the six-month period ended 30 June 2023, there was no change in directors’ information.

Other Information

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Model Code as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding the Directors' transactions of the listed securities of the Company.

In response to the specific enquiry made by the Company, all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and there are no non-compliance with the required standard set out in the Model Code for the six-month period ended 30 June 2023.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has been established since 18 October 2013 and has formulated its written terms of reference in accordance with the prevailing provisions of the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures and risk management of the Company. The existing members of the Audit Committee include Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang, all of whom are independent non-executive Directors. Mr. Tsang Hung Kei is the chairman of the Audit Committee.

This interim report had been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's securities listed on the Stock Exchange during the Period.

CONVERTIBLE BONDS OF THE COMPANY ISSUED ON 1 FEBRUARY 2018

Pursuant to the terms and conditions of the convertible bonds, the convertible bonds matured on 31 January 2023. The Company and Chance Talent Management had entered into the Fourth Supplemental Deed of Amendment to extend the maturity of the convertible bonds and to amend certain convertible bonds terms and conditions. The aggregate outstanding principal amount of the convertible bonds is HK\$40,000,000 and will be repaid in instalments in 2023 and 2024 pursuant to the Fourth Supplemental Deed of Amendment.

For details of the convertible bonds, please refer to the announcements of the Company dated 25 January 2018, 1 February 2018, 27 December 2018, 31 December 2018, 11 January 2019, 13 November 2020, 28 January 2021, 29 January 2021, 24 September 2021, 24 November 2021, 18 January 2022, 28 January 2022, 16 May 2022, 10 June 2022, 14 June 2022 and 30 June 2023.

Save as disclosed above, during the six months period ended 30 June 2023, neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company's listed securities.

COMPEITION AND CONFLICT OF INTERESTS

Except for the interests in the Group, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the period under review.

PUBLIC FLOAT

The Company has maintained the public float as required by the HK Listing Rules up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the reporting period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures undertaken by the Group.

PLEDGING OF SHARES BY CONTROLLING SHAREHOLDER

During the Reporting Period, pursuant to the Third Supplemental Deed of Amendment of convertible bonds, Expert Depot Limited has agreed to pledge the 110,000,000 Shares in its CCBI Account in favour of the Purchaser to secure the then remaining outstanding principal amount of the convertible bonds in the then amount of HK\$40,000,000 and all sums that remain due and payable under the convertible bonds by the Company to the Purchaser. As at the date of this report, Expert Depot Limited holds a total of 122,702,000 Shares, representing approximately 22.22% of the total issued shares and the pledged shares represent approximately 19.92% of the total issued shares. Expert Depot Limited is directly wholly owned by Mr. Zhang Tiewei (the chairman and executive director of the Company), who is a controlling shareholder of the Company as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

The Company entered into a fourth amendment deed on 30 June 2023 and amendment completion took place on 18 July 2023. Amongst other amendments, the Company would repay the remaining bond balance by 31 July 2024. On 26 July 2023, the Company repaid principal of convertible bonds in the amount of HK\$12,000,000 and the remaining outstanding principal amount was HK\$28,000,000. Assuming there is no change in the total number of shares of the Company in issue prior to the Purchaser's exercise of conversion right and there is no adjustment to the conversion price of HK\$1.09 per share, a total of 25,688,073 conversion shares will be allotted and issued to the Purchaser upon the exercise of the Purchaser's conversion right in full, representing approximately 4.65% of the issued shares of the Company as at the date of this report and approximately 4.44% of the issued shares of the Company as enlarged by the allotment and issuance of the conversion shares.

Other Information

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months period ended 30 June 2023 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company. The electronic version of this report will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinasuccessfinance.com).

APPRECIATION

The Board would like to express sincere gratitude to the management of the Group and all the staff for their continuous support and contributions. The Board also takes this opportunity to thank its loyal shareholders, investors, customers, auditors, business partners and associates for their continued faith in the prospects of the Group.

By order of the Board
China Success Finance Group Holdings Limited
ZHANG Tiewei
Chairman

Hong Kong, 22 September 2023

As at the date of this report, the Board comprises (i) five executive directors, namely, Mr. Zhang Tiewei, Mr. Li Bin, Ms. Dai Jing, Mr. Xu Kaiying and Mr. Pang Haoquan and (ii) three independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang.