

Baiying Holdings Group Limited
百應控股集團有限公司

Interim Report

2024

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

CONTENTS

2	Definitions
4	Corporate Information
6	Management Discussion and Analysis
24	Other Information
29	Independent Review Report
30	Condensed Consolidated Statement of Profit or Loss
31	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
32	Condensed Consolidated Statement of Financial Position
34	Condensed Consolidated Statement of Changes in Equity
35	Condensed Consolidated Statement of Cash Flows
36	Notes to the Unaudited Interim Financial Report

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Baiying Paper”	Fujian Baiying Paper Co., Ltd.* (福建百應紙業有限公司), a company established in the PRC on 13 January 2021, a subsidiary of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to “China” and “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Company”	Baiying Holdings Group Limited (百應控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2017, the Shares of which are listed on GEM (stock code: 8525)
“Director(s)”	the director(s) of the Company
“Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Fujian Province” or “Fujian”	Fujian Province (福建省), a province located in the southeastern coast of China
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time
“HDK Capital”	HDK Capital Limited, a company incorporated in the BVI with limited liability on 26 May 2017
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Qiaoxin”	Fujian Yongchun Qiaoxin Brewing Co., Ltd.* (福建永春僑新釀造有限責任公司), a company established in the PRC on 23 April 2020, an indirectly wholly-owned subsidiary of the Company
“Reporting Period”	the period for the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency for the time being of the PRC

Definitions

“Septwolves Holdings”	Septwolves Holdings Limited, a company incorporated in the BVI with limited liability on 26 May 2017
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Baiying”	Shanghai Baiying Brewing Co., Ltd.* (上海百應釀造有限公司), a company established in the PRC with limited liability on 11 January 2019, an indirectly wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shengshi Capital”	Shengshi Capital Limited, a company incorporated in the BVI with limited liability on 26 May 2017
“SMEs”	small and medium-sized enterprise(s), as defined in the Statistics on the Measures for Classification of Large, Medium, Small and Miniature Enterprises (2017) (統計上大中小微型企業劃分辦法(2017))
“VAT”	value-added tax
“Xiamen Baiying”	Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司), a company established in the PRC with limited liability on 9 March 2010, an indirectly wholly-owned subsidiary of the Company
“Zijiang Capital”	Zijiang Capital Limited, a company incorporated in the BVI with limited liability on 26 May 2017

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

Corporate Information

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan (*Chairman*)
Mr. Chen Xinwei
Mr. Huang Dake

Non-executive Director

Mr. Ke Jinding

Independent Non-executive Directors

Mr. Chen Chaolin
Mr. Tu Liandong
Mr. Xie Mianbi

AUDIT COMMITTEE

Mr. Tu Liandong (*Chairman*)
Mr. Chen Chaolin
Mr. Ke Jinding

REMUNERATION COMMITTEE

Mr. Chen Chaolin (*Chairman*)
Mr. Xie Mianbi
Mr. Huang Dake

NOMINATION COMMITTEE

Mr. Zhou Shiyuan (*Chairman*)
Mr. Tu Liandong
Mr. Xie Mianbi

JOINT COMPANY SECRETARIES

Ms. Yang Lexing
Ms. Ng Ka Man (*ACG, HKACG*)

AUTHORISED REPRESENTATIVES

Mr. Huang Dake
Ms. Ng Ka Man

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS/PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 2, 18/F
No. 77, Tai Nan Road
Siming District, Xiamen
Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.byleasing.com

STOCK CODE

8525

AUDITOR

Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
801-806 Silvercord, Tower 1
30 Canton Road
Tsimshatsui
Kowloon
Hong Kong

LEGAL ADVISERS TO THE COMPANY

Links Law Offices LLP
(as to Hong Kong laws)
Beijing Yingke Law Firm (Xiamen) Office
(as to PRC laws)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China (Dongdu Branch)
No. 77 Dongdu Road
Siming District, Xiamen
Fujian Province
PRC

China Everbright Bank (Xiamen Branch)
China Everbright Bank Building
No. 81 Hubin South Road
Siming District, Xiamen
Fujian Province
PRC

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Management Discussion and Analysis

Business Overview

We are a finance leasing company in Fujian Province primarily dedicated to providing equipment-based financing solutions to our customers. We provide customized services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and sources of payment. Our customers are mainly SMEs, entrepreneurial individuals, and reputable large enterprises. While our Group remains focused in developing the finance leasing business and factoring business, we also actively seek opportunities to expand into other areas of business.

On 23 April 2020, we established Qiaoxin, a vinegar manufactory in the PRC, to diversify our business. During the Reporting Period, Qiaoxin continued the orderly production and sales of our self-manufactured products under the “Qiaoxin 1950” and “Qiaoxin” brands, thereby launching products, such as Yongchun Kung Fu vinegar, Qiaoxin 1950 aged vinegar, paleo brown vinegar and red yeast rice vinegar, and has actively developed and designed circulation products and products exclusively available on online e-commerce platforms, etc., in order to enrich our product line. We plan to establish our benchmark market in the Fujian region. Our strategies include selling our products to wholesalers, large-scale chain supermarkets and hypermarket. In addition, we are actively developing our online e-commerce business to broaden our sales channels and enhance our brand influence, and we have set up factory outlets within our factories to enhance the product experience and deepen the link between the brand and the local culture of Yongchun.

On 13 January 2021, we also established Baiying Paper to expand our business portfolio into the packaging and paper products trading industry. Our packaging and paper products trading business has continued to operate steadily by engaging in the trading of paper products, such as corrugated cardboard box, packaging paper and kraft paper, etc. These new businesses will not affect our financial services business.

We served 499 customers located in 24 provinces in China (excluding the retail customers from our sale of vinegar and other condiment products) for the six months ended 30 June 2024. Our revenue decreased from RMB16.9 million for the six months ended 30 June 2023 to RMB14.7 million for the six months ended 30 June 2024. We recorded a loss of RMB7.5 million for the six months ended 30 June 2023 and a loss of RMB9.7 million for the six months ended 30 June 2024. The revenue generated from our financial services was RMB2.8 million for the six months ended 30 June 2024. The revenue generated from the sale of vinegar and other condiment products was RMB5.6 million for the six months ended 30 June 2024. The revenue generated from packaging and paper products trading was RMB6.3 million for the six months ended 30 June 2024.

Financial Services

Finance Leasing Services

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Direct finance leasing is mainly used to satisfy the need of our customers to commence new projects, expand production, make advancements in technology and have finance demands to purchase new equipment. Sale-leaseback is primarily used by our customers to fund their business operations. Through sale-leaseback, our customers sell the assets, of which they have the ownership, to us to finance their working capital and then we lease the sold assets back. We usually enter into financial leasing agreements with our customers which set out major terms such as the leased asset concerned, purchase price of the leased asset, term of the lease, the payment schedule of the lease payments, security deposit (if any), management fee (if any), transfer of title clause and insurance for the leased asset, which will usually be paid by our customers. In addition, depending on the credit profile of our customers, we may require our customers to provide other collaterals, such as immovable property. For the six months ended 30 June 2024, our revenue from finance leasing services was RMB2.8 million, accounting for 19.0% of our total revenue.

Management Discussion and Analysis

The following table sets forth average monthly balance of the interest-generating receivables arising from finance leasing services and the range of corresponding interest rate for the periods indicated:

	For the six months ended 30 June 2024	For the year ended 31 December 2023
Average monthly balance of interest-generating receivables arising from finance leasing services (<i>RMB'000</i>)		
– Direct finance leasing	42	1,418
– Sale-leaseback	62,673	28,813
Range of interest rate per annum		
– Direct finance leasing	6.7% to 15.6%	8.4% to 14.0%
– Sale-leaseback	10.5% to 13.2%	7.6% to 16.0%

The following table sets forth the credit quality analysis of our finance lease receivables as of the dates indicated:

	As of 30 June 2024 <i>RMB'000</i>	As of 31 December 2023 <i>RMB'000</i>
Neither overdue nor credit-impaired	–	109
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	–	–
– Overdue 30 to 90 days (inclusive)	–	55
– Overdue above 90 days	–	–
Overdue and credit-impaired	40,978	41,143
Net amount of finance lease receivables	40,978	41,307
Allowances for impairment losses	(26,904)	(26,946)
Carrying amount of finance lease receivables	14,074	14,361

Our net amount of finance lease receivables classified as overdue and credit-impaired decreased from RMB41.1 million as of 31 December 2023 to RMB41.0 million as of 30 June 2024 mainly because of the collection of finance lease receivables of RMB0.1 million from 3 default agreements.

Management Discussion and Analysis

The following table sets forth the credit quality analysis of receivables from sale-leaseback transactions as of the dates indicated:

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Neither overdue nor credit-impaired	62,765	39,899
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	–	213
– Overdue 30 to 90 days (inclusive)	326	22
– Overdue above 90 days	–	–
Overdue and credit-impaired	8,044	8,658
Receivables from sale-leaseback transaction	71,135	36,597
Allowances for impairment losses	(6,146)	(5,623)
Carrying amount of receivables from sale-leaseback transaction	64,989	43,169

Our receivables from sale-leaseback transaction classified as overdue and credit-impaired decreased from RMB8.7 million as of 31 December 2023 to RMB8.0 million as of 30 June 2024 mainly because of the repayment of RMB1.0 million from three default agreements.

The allowances for impairment losses of finance lease receivables and receivables from sale-leaseback transaction were provided on expected credit loss model. The following tables set forth our loss allowance as of the dates indicated:

	As of 30 June 2024			Total RMB'000
	Stage I 12-month ECL RMB'000	Stage II Lifetime ECL RMB'000	Stage III Lifetime ECL RMB'000	
Net amount of finance lease receivables	–	–	40,978	40,978
Allowances for impairment losses	–	–	(26,904)	(26,904)
Carrying amount of finance lease receivables	–	–	14,074	14,074
Receivables from sale-leaseback transaction	62,765	326	8,044	71,135
Allowances for impairment losses	(952)	(83)	(5,111)	(6,146)
Carrying amount of receivables from sale-leaseback transaction	61,813	243	2,933	64,989

Management Discussion and Analysis

	As of 31 December 2023			Total RMB'000
	Stage I 12-month ECL RMB'000	Stage II Lifetime ECL RMB'000	Stage III Lifetime ECL RMB'000	
Net amount of finance lease receivables	109	55	41,143	41,307
Allowances for impairment losses	(2)	(9)	(26,935)	(26,946)
Carrying amount of finance lease receivables	107	46	14,208	14,361
Receivables from sale-leaseback transaction	40,112	22	8,658	48,792
Allowance for impairment losses	(772)	(4)	(4,847)	(5,623)
Carrying amount of receivables from sale-leaseback transaction	39,340	18	3,811	43,169

Factoring Services

In addition to finance leasing services, we also provided factoring services to our customers. Factoring service is primarily used by our customers who need working capital to fund their business operations.

For the six months ended 30 June 2024, we have not recorded any revenue from factoring services.

The following table sets forth the average monthly balance of our factoring services and the range of corresponding interest rate for the periods indicated:

	For the six months ended 30 June 2024	For the year ended 31 December 2023
Average monthly balance of factoring receivables (RMB'000)	33,363	87,583
Range of interest rate	8.0% to 8.0%	8.0% to 8.0%

Management Discussion and Analysis

The following tables set forth our loss allowance as of the dates indicated:

	As of 30 June 2024			
	Stage I 12-month ECL RMB'000	Stage II Lifetime ECL RMB'000	Stage III Lifetime ECL RMB'000	Total RMB'000
Factoring receivables	–	31,901	1,983	33,884
Allowances for impairment losses	–	(9,570)	(1,983)	(11,553)
Carrying amount of factoring receivables	–	22,331	–	22,331

	As of 31 December 2023			
	Stage I 12-month ECL RMB'000	Stage II Lifetime ECL RMB'000	Stage III Lifetime ECL RMB'000	Total RMB'000
Factoring receivables	–	36,701	1,983	38,684
Allowances for impairment losses	–	(11,010)	(1,983)	(12,993)
Carrying amount of factoring receivables	–	25,691	–	25,691

Advisory Services

Leveraging on our experience in arranging finance leases for our customers, we also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. For the six months ended 30 June 2024, we did not recognise any revenue from the provision of advisory services despite having provided services relating to one advisory service agreement involving a construction project with a total investment of approximately RMB1,142 million, primarily due to the settlement progress of the relevant construction project had yet to meet the criteria for revenue recognition.

Manufacture and Sale of Vinegar and Other Condiment Products

We commenced the manufacture and sale of vinegar and other condiment products through Qiaoxin since January 2022, and commenced the sale of our self-manufactured products in the fourth quarter of 2022.

For the six months ended 30 June 2024, the revenue from sales of vinegar and other condiment products was RMB5.6 million, accounting for 38.1% of our total revenue.

The cost of sales of vinegar and other condiment products was RMB3.6 million for the six months ended 30 June 2024, mainly consisted of the procurement cost of RMB3.6 million.

For the six months ended 30 June 2024, the gross profit of sales of vinegar and other condiment products was RMB2.0 million.

Packaging and Paper Products Trading

We conduct our packaging and paper products trading through Baiying Paper since January 2021. For the six months ended 30 June 2024, the products we sold to our customers were packaging paper and all of our customers were either in the paper industry or were trading companies.

For the six months ended 30 June 2024, the revenue from sales of packaging and paper products was RMB6.3 million, accounting for 42.9% of our total revenue.

The cost of sales of packaging and paper products was RMB6.1 million for the six months ended 30 June 2024 mainly consisted of the procurement cost of RMB6.1 million.

For the six months ended 30 June 2024, the gross profit of packaging and paper products trading business was RMB0.2 million.

Management Discussion and Analysis

Compliance with Key Regulatory Requirements

The following table summarizes the key statutory capital requirements and lending restrictions applicable to us and our compliance status for the six months ended 30 June 2024:

Key requirements

A foreign-funded finance leasing company shall not provide in any form direct or indirect financing for local governments' financing platform companies that undertake public welfare duties.

The total assets of the foreign investor(s) of a foreign-funded finance leasing company shall not be less than US\$5 million and the foreign investor(s) shall not be in insolvency and ordinarily shall have been existed more than one year.

The registered capital of a foreign-funded finance leasing company shall not be less than US\$10 million and the proportion of the foreign investment shall not be lower than 25%.

A foreign-funded finance leasing company shall have professional staff. Its senior management team shall have professional qualifications and no less than three years of experience in the relevant industries.

The term of operation of a foreign-funded finance leasing company shall generally not exceed 30 years.

A foreign-funded finance leasing company shall contain the words "finance leasing" (融資租賃) in its corporate name and shall not contain the words "financial lease" (金融租賃) in its corporate name or its business scope.

A finance leasing company can conduct guarantee business only in relation with its leasing transactions, but shall not contain the word "guarantee" in its corporate name and shall not take guarantee business as its main business.

Compliance status

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Key requirements

A finance leasing company shall not engage in deposit taking (吸收存款), lending (發放貸款), entrusted lending (受託發放貸款), and without the approval of the competent authority, shall not engage in inter-bank borrowing and is prohibited from carrying out illegal fund-raising activities under the disguise of finance leasing in any circumstances.

As a general practice and according to the Measures for the Administration of Entrusted Loans of Commercial Banks (商業銀行委託貸款管理辦法) and General Rules for Loans (貸款通則), a company is allowed to entrust a commercial bank to provide loans to a third party.

A finance leasing company shall not accept any property to which a lessee has no disposal rights or on which any mortgage has been created, or which has been sealed or seized by any judicial organs, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction.

Risk assets of a finance leasing company shall not exceed eight times of its total net assets. The portion of assets under finance leasing and other leasing of a finance leasing company shall not be less than 60% of its total assets. The fix-income securities investment business carried out by a finance leasing company shall not exceed 20% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with a single lessee or a single related party shall not exceed 30% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with all related parties shall not exceed 50% of its net assets. The balance of financing with a single shareholder and its related parties shall not exceed the shareholder's capital contribution to the financial leasing company and the aggregate balance of the financial leasing businesses conducted by the financial leasing company with such shareholder shall not exceed 30% of its net assets.

A company engaged in food production, food sales and catering services should be licensed according to the applicable laws.

Compliance status

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such applicable requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Our Group complied with such requirement for the six months ended 30 June 2024.

Management Discussion and Analysis

Financial Overview

Results of Operations

Revenue

Our revenue consists of interest income, income from sales of packaging and paper products, and income from sales of vinegar and other condiment products.

During the Reporting Period, our interest income consisted of interests in installments and one-time management fees received from our finance leasing and factoring services, all of our income from packaging and paper products trading business were driven from sales of packaging paper, and all of our income from manufacture and sale of vinegar and other condiment products were driven from sales of vinegar and other condiment products and sales commission income relating to sales of vinegar and other condiment products. The following table sets forth our revenue by business type for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest Income:		
Finance leasing services	2,788	1,711
– Direct finance leasing	16	200
– Sale-leaseback	2,772	1,511
Factoring services	–	2,563
Income from packaging and paper products trading business:		
Sales of packaging paper	6,293	10,449
Income from manufacture and sale of vinegar and other condiment products:		
Sales of vinegar and other condiment products	5,335	1,926
Sales commission relating to the sale of vinegar and other condiment products	264	216
Total	14,680	16,865

Our revenue decreased from RMB16.9 million for the six months ended 30 June 2023 to RMB14.7 million for the six months ended 30 June 2024 mainly due to (i) the decrease in revenue from factoring services of RMB2.6 million; and (ii) the decrease in revenue from packaging and paper products trading business of RMB4.2 million, partially offset by the increase in revenue from manufacture and sale of vinegar and other condiment products of RMB3.5 million.

Other Income, Other Gains and Losses

Our other income, other gains and losses mainly consists of government grants, net loss from financial assets at fair value through profit or loss, and interest income from deposits with financial institutions.

Our other income, other gains and losses decreased from RMB0.7 million for the six months ended 30 June 2023 to RMB0.2 million for the six months ended 30 June 2024 mainly due to the decrease in government grants of RMB0.4 million.

Interest Expenses

Interest expenses mainly consist of interest expenses on our interest-bearing borrowings and imputed interest expense on interest-free guaranteed deposits from lessees. We incur interest expenses on borrowings which are principally used to fund our finance leasing business.

Our gearing ratio was 0.04 times as of 31 December 2023 and 0.08 times as of 30 June 2024. The gearing ratio is a measure of financial leverage. It represents total interest-bearing borrowings divided by total equity as of 30 June 2024.

Our interest expenses decreased from RMB0.7 million for the six months ended 30 June 2023 to RMB0.5 million for the six months ended 30 June 2024 mainly due to the decrease in average monthly balance of our loans.

Administrative Expenses

Our administrative expenses primarily consist of staff cost, legal expenses, depreciation, amortisation and auditor's remuneration. The table below sets forth the components of our administrative expenses by nature for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Staff cost	2,520	2,283
Legal expenses	436	191
Business travel and transportation expenses	136	186
Amortisation cost of intangible assets	47	45
Depreciation charge		
– owned property, plant and equipment	505	477
– right-of-use assets	425	548
Auditor's remuneration	363	356
Property management expenses	162	174
Research and development expenses	206	398
Consulting expenses	16	10
Sundry expenses	3,335	1,148
Total administrative expenses	8,151	5,816

Our administrative expenses increased from at RMB5.8 million for the six months ended 30 June 2023 to RMB8.2 million for the six months ended 30 June 2024, mainly due to the sales volume of Qiaoxin's products falling short of expectations, which resulted in insufficient capacity utilization and idle capacity, resulting in an increase in management expenses of RMB2.0 million.

Management Discussion and Analysis

Impairment Losses (Reversed)/Charged

Our impairment losses charged mainly include impairment losses charged on finance lease receivables and loans and receivables. The table below sets forth our total impairment losses charged by asset types for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Finance lease receivables	(43)	(497)
Trade and other receivables	(602)	132
Loans and receivables	(916)	1,231
Total impairment losses (reversed)/charged	(1,561)	866

Our impairment losses charged changed from RMB0.9 million for the six months ended 30 June 2023 to an impairment losses reversal of RMB1.6 million for the six months ended 30 June 2024 primarily due to the recovery of a factoring receivables, which resulted in the reversal of the impairment provision for loans and receivables of approximately RMB1.4 million.

Selling and Distribution Expenses

Our selling and distribution expenses for the six months ended 30 June 2024 was RMB6.7 million.

Our sales expenses mainly include (i) staff cost of RMB2.8 million; (ii) business promotion expenses of RMB1.2 million; (iii) service fees of RMB1.2 million; and (iv) travel expenses of RMB0.4 million.

Income Tax Expense

Our income tax expense increased from RMB0.3 million for the six months ended 30 June 2023 to RMB1.0 million for the six months ended 30 June 2024.

The Directors confirm that we have paid all relevant taxes and are not subject to any dispute or unresolved tax issues with the relevant tax authorities in the PRC.

Loss for the Period

We recorded a loss of RMB7.5 million for the six months ended 30 June 2023 and a loss of RMB9.7 million for the six months ended 30 June 2024 mainly due to (i) the decrease in revenue; (ii) increase in administrative and selling expenses; and (iii) the increase in sales expense of the vinegar and other condiment products business, partially offset by the reversal of impairment losses.

Liquidity and Capital Resources

We primarily funded our operations and expansions through our Shareholders' equity, interest-bearing borrowings, net proceeds from the share offer and cash flows from our operations. Our liquidity and capital requirements primarily relate to our finance leasing and factoring businesses and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while maintaining a healthy level of business scale and expansion.

Cash Flows

The following table sets forth a selected summary of our cash flow statement for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Cash and cash equivalents at beginning of the period	13,650	70,102
Net cash flows used in operating activities	(22,457)	(70,865)
Net cash flows generated from investing activities	10,383	13,243
Net cash flows generated from/(used in) financing activities	8,409	(10,767)
Net decrease in cash and cash equivalents	(3,665)	(68,389)
Effect of foreign exchange rate changes	(19)	(23)
Cash and cash equivalents at end of the period	9,966	1,690

Net cash flows used in operating activities

For the six months ended 30 June 2024, we had net cash used in operating activities of RMB22.5 million, primarily as a result of operating loss before changes in working capital of RMB6.7 million and the negative effect of the changes in working capital, which consisted of: (i) the decrease in cash of RMB17.5 million as a result of the increase in the loans and receivables; (ii) the increase in cash of RMB3.1 million as a result of the decrease in trade and other liabilities; and (iii) the decrease in cash of RMB0.72 million as a result of the increase in inventories; and (iv) the increase in cash of RMB0.33 million as a result of the decrease in finance lease receivables.

Net cash flows generated from investing activities

For the six months ended 30 June 2024, our net cash generated from investing activities was RMB10.4 million. Our net cash inflow generated from investing activities mainly consisted of proceeds from disposal and redemption of investments of RMB59.3 million, partially offset by (i) payment on acquisition of investment of RMB30.9 million; and (ii) payments of purchase of property, plant and equipment of RMB18.1 million.

Net cash flows generated from financing activities

For the six months ended 30 June 2024, our net cash flows generated from financing activities was RMB8.4 million. Our net cash flows generated from financing activities mainly consisted of: (i) proceeds from borrowing of RMB10.0 million; and (ii) the repayment of borrowings of RMB1.0 million.

Management Discussion and Analysis

Selected Items of the Consolidated Statements of Financial Position

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Non-current assets		
Property, plant and equipment	102,671	90,156
Intangible assets	338	384
Loans and receivables	46,420	22,734
Deposits paid	132	132
Deferred tax assets	7,176	7,400
Total non-current assets	156,737	120,806
Current assets		
Loans and receivables	40,899	46,125
Finance lease receivables	14,074	14,361
Trade and other receivables	22,290	26,197
Financial assets at fair value through profit or loss	12,458	41,099
Inventories	17,296	16,581
Cash and cash equivalents	9,966	13,649
Total current assets	116,983	158,012
Current liabilities		
Borrowings	2,040	2,000
Trade and other liabilities	18,358	25,632
Income tax payable	4,229	2,699
Lease liabilities	434	271
Total current liabilities	25,061	30,602
Net current assets	91,922	127,410
Non-current liabilities		
Borrowings	15,960	7,000
Trade and other liabilities	2,810	1,460
Lease liabilities	682	827
Total non-current liabilities	19,452	9,287
Net assets	229,207	238,929

Management Discussion and Analysis

Our total current assets decreased from RMB158.0 million as of 31 December 2023 to RMB117.0 million as of 30 June 2024 primarily due to the decrease in loans and receivables of RMB5.2 million, the decrease in cash and cash equivalents of RMB3.7 million, and the decrease in financial assets at fair value through profit or loss of RMB28.6 million.

Our total current liabilities decreased from RMB30.6 million as of 31 December 2023 to RMB25.1 million as of 30 June 2024 mainly due to the decreased in trade and other liabilities of RMB7.3 million.

Our net assets decreased from RMB238.9 million as of 31 December 2023 to RMB229.2 million as of 30 June 2024.

Finance Lease Receivables

Carrying amount of our finance lease receivables slightly decreased from RMB14.4 million as of 31 December 2023 to RMB14.1 million as of 30 June 2024. For the six months ended 30 June 2024, all of our finance lease receivables were charged by fixed interest rates.

Loans and Receivables

Our loans and receivables increased from RMB68.9 million as of 31 December 2023 to RMB87.3 million as of 30 June 2024 mainly due to the increase in receivables from sale-leaseback transaction.

Cash and Cash Equivalents

Cash and cash equivalents consist of our deposits with banks. Our cash and cash equivalents decreased from RMB13.6 million as of 31 December 2023 to RMB10.0 million as of 30 June 2024 mainly due to the increase in sale-leaseback services.

Trade and Other Receivables

Our trade and other receivables mainly include trade receivables, deductible value-added tax, prepaid expense.

Our trade and other receivables decreased from RMB26.3 million as of 31 December 2023 to RMB22.4 million as of 30 June 2024.

As of the end of the Reporting Period, the ageing analysis of trade receivables, net of allowances for impairment losses, based on invoice date, is as follows:

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Within 3 months	2,861	5,981
Over 3 months but within 6 months	1,834	562
Over 6 months but within 1 year	127	304
Total	4,822	6,847

Management Discussion and Analysis

Trade and Other Liabilities

Our trade and other liabilities mainly include guaranteed deposits from lessees, accrued staff costs and VAT payable and other tax payable, and payables for purchase of property, plant and equipment. The following table sets forth our trade and other liabilities as of the dates indicated:

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Current liabilities		
Guaranteed deposits from lessees	2,754	4,720
VAT payable and other tax payable	6,756	7,191
Accounts payable	430	263
Trade payables	2,546	2,047
Accrued staff costs	2,762	3,743
Accrued liabilities	310	1,123
Payables for purchase of property, plant and equipment	1,806	4,657
Other payables	994	1,888
Non-current liabilities		
Guaranteed deposits from lessees	2,810	1,460
Total trade and other liabilities	21,168	27,092

Our trade and other liabilities decreased from RMB27.1 million as of 31 December 2023 to RMB21.2 million as of 30 June 2024 primarily due to the decrease in payables for purchase of property, plant and equipment of RMB2.9 million, the decrease in accrued staff costs of RMB1.0 million, the decrease in guaranteed deposits from lessees of RMB0.6 million, and the decrease in accrued liabilities of RMB0.8 million.

Financial Assets at Fair Value through Profit or Loss

For the year ended 30 June 2024, our financial assets at fair value primarily consisted of wealth management products and listed securities.

We invested in wealth management products and listed securities with our paid-up capital, and the investment amount should match our capital structure in terms of scale and must not affect our ordinary business operations. All such financial assets, depending on their amounts and types, will be strictly reviewed and approved by our management at different levels. Our securities investment team conducts risk control and supervision over our investment to effectively manage the investment procedures. All these investment activities are subject to applicable laws and regulations. As of 30 June 2024, the balance of wealth management products and listed securities were RMB5.8 million and RMB6.7 million, respectively.

Indebtedness

Bank Borrowings

The following table sets forth our outstanding borrowings as of the dates indicated:

	As of 30 June 2024 ⁽¹⁾ RMB'000	As of 31 December 2023 RMB'000
Bank borrowings:		
– within one year	2,040	2,000
– after one year but within two years	11,960	2,000
– after two years	4,000	5,000
Total	18,000	9,000

Note:

- (1) As of 30 June 2024, RMB10.0 million of the borrowings were guaranteed by Fujian Septwolves Group Co., Ltd.* (“**Fujian Septwolves Group**”, 福建七匹狼集團有限公司).

Contingent Liabilities

As of 30 June 2024, we had no contingent liability.

Capital Expenditures

Our capital expenditures consist primarily of expenditures for the purchase of land use right, construction in progress, office equipment and machinery. The following table sets forth our capital expenditures for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Capital expenditures	15,291	3,268

Capital Commitments

As of 30 June 2024, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of assets under construction, amounted to RMB21.2 million.

Foreign Currency Exposure

Since our Group’s business activities are solely operated in the PRC and denominated in RMB, the Directors consider that our Group’s risk in foreign exchange is insignificant.

Off-balance Sheet Arrangements

As of the date of this report, we did not have any off-balance sheet arrangements.

Management Discussion and Analysis

MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

We did not have any material investments, acquisitions or disposals for the six months ended 30 June 2024.

EMPLOYMENT AND EMOLUMENTS

As of the date of this report, our Group had 118 full time employees, all of whom were based in China. Our employees' remuneration was paid with reference to the individual responsibility and performance, as well as the actual practice of the Company. We have made contributions to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing funds for our employees. As of the date of this report, we had complied with all applicable PRC laws and regulations in all material aspects.

We invest in continuing education and training programs for our management and other employees with a view to constantly upgrading their skills and knowledge. We also arrange for internal and external professional training programs to develop our employees' skills and knowledge. These programs include further educational studies, fundamental economics and finance knowledge and skills training, and professional development courses for our management personnel. New employees are required to attend induction training courses to ensure that they are equipped with the necessary skills to perform their duties.

In the first half of 2024, our employees were trained via online and offline courses. Due to the increase in number of our sales staff in various locations, we conducted some training through online means to be more cost effective and improve training efficiency. In order to make the training more targeted and quantifiable, the Company opened an educational resource account on the education platform to share with all employees, the content of which covers financial, negotiation, business etiquette, management skills, etc., with the form of clock-in learning to encourage employees to take the initiative to improve themselves in their leisure time. In the post pandemic era, in order to ensure the health of our staff, we remind our staff to do more exercise, be aware of self-protection, and pay attention to ventilation.

CHARGES ON ASSETS

As at 30 June 2024, we did not have any charge over our assets.

PROSPECTS

Since 2022, the financial leasing industry in China has gradually entered a transitional development period. With the introduction of various industry regulatory policies and adjustments in monetary and credit policies, our primary business of financial leasing continues to face significant restrictions and challenges, but the path forward has become increasingly clear. The Group has slowed down the development and investment in the financial leasing business. In this complex environment, in addition to continual adherence to the principles of prudent operation and risk prioritization, and developing business plans that meet customer needs while safeguarding our interest and capital security, we also aim to genuinely serve the real economy, optimize our leasing business structure, and ensure the sustainable development of this segment. Therefore, we must maximize our control over business risks, actively control and reduce costs, optimize business processes, increase pre-investment due diligence efforts, improve post-leasing management, and commence new business investments with stronger security measures, to strive for maximum benefit for the Company. In the face of intense industry competition, focusing on compliance and risk control development will lay a solid foundation for our long-term development.

During the Reporting Period, as an important segment of the Group's diversified business, we continued to explore potentials in the vinegar production and sales segment. The Group's brands "Qiaoxin 1950" and "Qiaoxin" have respectively penetrated the mid-to-high-end and mass circulation markets. We continuously strive to enhance the operational capabilities of our brands, increase distribution channels to expand the vinegar sales market, and optimize the production management capabilities of our factories to meet the ever-changing and rising market demands. Our self-produced products' circulation and retail series are now fully available, gaining wide visibility in the market centered around Fujian. We need more investments in market and sales channel to enhance brand recognition, occupy a larger market share, and thereby generate more revenue. In addition, we view e-commerce channels as an important breakthrough point and have designed new products for e-commerce platforms that are more cost-effective and suitable for long-distance transportation. By leveraging the extensive reach of e-commerce platforms, we aim to enhance our brand image and complement traditional sales channels. In terms of infrastructure, Qiaoxin has made active investments in factory equipment optimization, warehouse management, and specialty product development. These efforts are to prepare for subsequent product structure optimization, collaborations with large platforms, enhanced brand tone, and cultural linkages.

Other Information

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed and discussed with the management the accounting principles and practices adopted by the Company, internal controls and financial report matters, and the Company’s policies and practices on corporate governance. This unaudited interim report has been reviewed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares, if any) during the Reporting Period.

SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by the Shareholders on 20 June 2018 (the “**Share Option Scheme**”) for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of our Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), consultants, and advisors of our Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 20 June 2018 and will expire on 20 June 2028.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company in aggregate shall not exceed 30% of the Shares in issue from time to time. In addition, unless a refreshment of the 10% limit mentioned below is approved by our Shareholders pursuant to the GEM Listing Rules, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company shall not in aggregate exceed 10% of all the issued Shares as of 18 July 2018 (i.e. 27,000,000 Shares), being the date of listing of the Shares on GEM.

The number of options available for grant under the scheme mandate as at 1 January 2024 and 30 June 2024 is 27,000,000 and 27,000,000, respectively.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of the Shares in issue on the last day of such 12-month period, unless approved by the Shareholders in accordance with the GEM Listing Rules.

An option shall be regarded as having been granted and accepted when the duplicate of the offer letter, comprising acceptance of the offer of the option, is duly signed by the grantee together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within a period of 30 days from the date of offer of the option, provided that no such offer may be accepted after the expiry of the scheme period or after the Share Option Scheme has been terminated.

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board.

The exercise prices of the options will be determined by the Board in its absolute discretion but shall not be less than whichever is the highest of: (i) the closing price of our Shares as stated in the Stock Exchange’s daily quotations sheet on the offer date; (ii) the average closing price of our Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of our Shares on the offer date.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 30 June 2024, the Company has no outstanding share option under the Share Option Scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As of 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which will have 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 is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Position	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the total issued share capital
Mr. Ke Jinding ⁽²⁾	Non-executive Director	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Mr. Huang Dake ⁽³⁾	Executive Director	Interest in controlled corporation	12,430,934 Shares (L)	4.60%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares or the shares in the share capital of the relevant associated corporation.
- (2) Zijiang Capital is directly interested in approximately 14.06% of the issued Shares. The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn held as to approximately 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Jinding is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.
- (3) HDK Capital is directly interested in approximately 4.60% of the issued Shares. The disclosed interest represents the interest in the Company held by HDK Capital, which is wholly owned by Mr. Huang Dake. Therefore, Mr. Huang Dake is deemed to be interested in HDK Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 30 June 2024, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have 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 is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Other Information

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of 30 June 2024, the persons or corporations (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholders	Nature of interest	Number of Shares ⁽¹⁾⁽²⁾	Percentage in the total issued share capital
Mr. Zhou Yongwei ⁽³⁾	Interest in controlled corporation	124,143,908 Shares (L)	45.98%
Septwolves Holdings	Beneficial owner	118,968,750 Shares (L)	44.06%
Zijiang Capital	Beneficial owner	37,968,750 Shares (L)	14.06%
Mr. Ke Shuiyuan ⁽⁴⁾	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Shengshi Capital	Beneficial owner	16,135,500 Shares (L)	5.98%
Mr. Wong Po Nei ⁽⁵⁾	Interest in controlled corporation	16,135,500 Shares (L)	5.98%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.
- (2) According to Section 336 of the SFO, the Shareholders are required to file disclosure of interest forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Stock Exchange.
- (3) The disclosed interest represents the interest in the Company held by Septwolves Holdings and SEPTWOLVES INTERNATIONAL GROUP LIMITED respectively. Septwolves Holdings is approximately 37.06%, 31.47% and 31.47% owned by Mr. Zhou Yongwei, Mr. Zhou Shaoxiang and Mr. Zhou Shaoming, respectively. SEPTWOLVES INTERNATIONAL GROUP LIMITED is approximately 82.86% indirectly owned by Fujian Septwolves Group, which in turn is approximately 37.82% owned by Mr. Zhou Yongwei. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings' and SEPTWOLVES INTERNATIONAL GROUP LIMITED's respective interests in the Company by virtue of the SFO.
- (4) The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn held as to approximately 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Shuiyuan is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.
- (5) The disclosed interest represents the interest in the Company held by Shengshi Capital, which is wholly owned by Mr. Wong Po Nei. Therefore, Mr. Wong Po Nei is deemed to be interested in Shengshi Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 30 June 2024, the Directors were not aware of any other person or corporation having an interest or short position in Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE GEM LISTING RULES

As of 30 June 2024, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 or Rule 17.43 of the GEM Listing Rules.

INTERIM DIVIDEND

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

EVENTS AFTER THE REPORTING PERIOD

There are no material events after the Reporting Period.

COMPETING INTERESTS

During the Reporting Period, none of the Directors or any of their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group or have any other conflicts of interest with our Group.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming have given non-competition undertakings to the Company on 20 June 2018, details of the non-competition undertakings were set out in the Prospectus.

The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied with by each of Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming.

CORPORATE GOVERNANCE

Our Group recognises the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. The Board and the management of the Company have adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code set out in Appendix C1 to the GEM Listing Rules and reviewed its corporate governance policies and compliance from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions.

UPDATES ON DIRECTORS' INFORMATION

During the Reporting Period, there were no changes in information of Directors which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

Other Information

REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the Company by the Directors on terms no less exacting than the required standard of dealings concerning securities transaction by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Code of Conduct**”) as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code of Conduct throughout the Reporting Period.

Pursuant to Rule 5.66 of the Code of Conduct, the Directors have also requested any employee of the Company or director or employee of any subsidiary of the Company who, because of his office or employment in the Company or any subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Code of Conduct as if he was a Director.

Independent Review Report



Moore CPA Limited

801-806 Silvercord, Tower 1,
30 Canton Road, Tsimshatsui,
Kowloon, Hong Kong

T +852 2375 3180
F +852 2375 3828

www.moore.hk

大
華
馬
施
雲
會
計
師
事
務
所
有
限
公
司

To the Board of Directors of Baiying Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 30 to 62 which comprises the condensed consolidated statement of financial position of Baiying Holdings Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and notes to the condensed consolidated financial statements. The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

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

Moore CPA Limited

Certified Public Accountants

Ng Ngai Yan

Practising Certificate Number: P07422

Hong Kong, 29 August 2024

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB (Unaudited)	2023 RMB (Unaudited)
Sales revenue		11,628,827	12,375,096
Interest income		2,787,967	4,273,413
Other revenue		263,689	216,410
Revenue	4	14,680,483	16,864,919
Cost of sales		(9,783,640)	(12,119,760)
Other income, other gains and losses		186,202	720,337
Interest expenses		(494,698)	(740,636)
Impairment losses reversed/(charged)	5	1,560,978	(865,594)
Administrative expense		(8,150,552)	(5,815,646)
Selling and distribution expenses		(6,709,801)	(4,729,924)
Share of losses of an associate		–	(443,202)
Loss before income tax	6	(8,711,028)	(7,129,506)
Income tax expense	7	(992,973)	(338,974)
Loss for the period		(9,704,001)	(7,468,480)
Attributable to:			
Equity shareholders of the Company		(9,719,885)	(7,480,055)
Non-controlling interests		15,884	11,575
Loss for the period		(9,704,001)	(7,468,480)
Loss per share			
Basic and diluted (RMB cents)	8	(3.60)	(2.77)

The notes on pages 36 to 62 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 18(a).

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Loss for the period	(9,704,001)	(7,468,480)
Other comprehensive loss for the period (after tax):		
Item that may be reclassified subsequently to profit or loss		
– Exchange differences on translation of financial statements of foreign operations	(18,965)	(23,113)
Total comprehensive loss for the period	(9,722,966)	(7,491,593)
Attributable to:		
Equity shareholders of the Company	(9,738,850)	(7,503,168)
Non-controlling interests	15,884	11,575
Total comprehensive loss for the period	(9,722,966)	(7,491,593)

The notes on pages 36 to 62 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	<i>Notes</i>	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current assets			
Property, plant and equipment	9	102,670,571	90,156,302
Intangible assets		337,716	384,228
Loans and receivables	10	46,420,321	22,734,197
Deposits paid	12	132,342	132,342
Deferred tax assets		7,176,201	7,399,478
		156,737,151	120,806,547
Current assets			
Inventories	14	17,296,493	16,580,910
Loans and receivables	10	40,899,334	46,125,049
Finance lease receivables	11	14,073,749	14,360,907
Trade and other receivables	12	22,289,551	26,197,321
Financial assets at fair value through profit or loss	13	12,457,639	41,098,654
Cash and cash equivalents	15	9,965,573	13,649,340
		116,982,339	158,012,181
Current liabilities			
Borrowings	16	2,040,000	2,000,000
Trade and other liabilities	17	18,358,214	25,632,314
Lease liabilities		433,826	270,731
Income tax payable		4,229,142	2,699,416
		25,061,182	30,602,461
Net current assets		91,921,157	127,409,720
Total assets less current liabilities		248,658,308	248,216,267

The notes on pages 36 to 62 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

At 30 June 2024

	<i>Notes</i>	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current liabilities			
Borrowings	16	15,960,000	7,000,000
Trade and other liabilities	17	2,810,000	1,460,000
Lease liabilities		681,916	826,909
		19,451,916	9,286,909
NET ASSETS		229,206,392	238,929,358
CAPITAL AND RESERVES			
Share capital	18(b)	2,301,857	2,301,857
Share premium		238,097,760	238,097,760
Reserves		(13,582,617)	(3,843,767)
Total equity attributable to equity shareholders of the Company		226,817,000	236,555,850
Non-controlling interests		2,389,392	2,373,508
TOTAL EQUITY		229,206,392	238,929,358

Approved and authorised for issue by the board of directors on 29 August 2024.

Huang Dake
Director

Chen Xinwei
Director

The notes on pages 36 to 62 form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to equity shareholders of the Company								
	Share capital RMB	Share premium RMB	Capital reserve RMB	Surplus reserve RMB	Exchange reserve RMB	Retained profits/ (accumulated losses) RMB	Total RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2023	2,301,857	238,097,760	(6,640,176)	9,364,503	1,587,596	8,075,171	252,786,711	2,301,901	255,088,612
Changes in equity for the six months ended 30 June 2023:									
Loss for the period	-	-	-	-	-	(7,480,055)	(7,480,055)	11,575	(7,468,480)
Other comprehensive loss	-	-	-	-	(23,113)	-	(23,113)	-	(23,113)
Total comprehensive loss	-	-	-	-	(23,113)	(7,480,055)	(7,503,168)	11,575	(7,491,593)
Balance at 30 June 2023 and 1 July 2023	2,301,857	238,097,760	(6,640,176)	9,364,503	1,564,483	595,116	245,283,543	2,313,476	247,597,019
Changes in equity for the six months ended 31 December 2023:									
Loss for the period	-	-	-	-	-	(8,724,489)	(8,724,489)	60,032	(8,664,457)
Other comprehensive loss	-	-	-	-	(3,204)	-	(3,204)	-	(3,204)
Total comprehensive loss	-	-	-	-	(3,204)	(8,724,489)	(8,727,693)	60,032	(8,667,661)
Balance at 31 December 2023	2,301,857	238,097,760	(6,640,176)	9,364,503	1,561,279	(8,129,373)	236,555,850	2,373,508	238,929,358
Balance at 1 January 2024	2,301,857	238,097,760	(6,640,176)	9,364,503	1,561,279	(8,129,373)	236,555,850	2,373,508	238,929,358
Changes in equity for the six months ended 30 June 2024:									
Loss for the period	-	-	-	-	-	(9,719,885)	(9,719,885)	15,884	(9,704,001)
Other comprehensive loss	-	-	-	-	(18,965)	-	(18,965)	-	(18,965)
Total comprehensive loss	-	-	-	-	(18,965)	(9,719,885)	(9,738,850)	15,884	(9,722,966)
Balance at 30 June 2024	2,301,857	238,097,760	(6,640,176)	9,364,503	1,542,314	(17,849,258)	226,817,000	2,389,392	229,206,392

The notes on pages 36 to 62 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB (Unaudited)	2023 RMB (Unaudited)
Operating activities			
Cash used in operations		(23,216,531)	(70,825,049)
Taxes refunded/(paid)		760,030	(39,551)
Net cash used in operating activities		(22,456,501)	(70,864,600)
Investing activities			
Interest received from deposits with financial institutions		50,094	145,334
Proceeds from disposal and redemption of investments		59,316,239	14,611,554
Proceeds from disposal of property, plant and equipment		18,960	–
Payments on acquisition of investments		(30,860,000)	–
Payments of purchase of property, plant and equipment		(18,142,175)	(1,514,191)
Net cash generated from investing activities		10,383,118	13,242,697
Financing activities			
Proceeds from borrowings		10,000,000	–
Repayment of borrowings		(1,000,000)	(9,891,750)
Advances from a related party		–	163,390
Capital element of lease rentals paid		(278,710)	(304,016)
Interest element of lease rentals paid		(25,675)	(32,532)
Other interest paid		(287,034)	(701,630)
Net cash generated from/(used in) financing activities		8,408,581	(10,766,538)
Net decrease in cash and cash equivalents		(3,664,802)	(68,388,441)
Cash and cash equivalents at 1 January		13,649,340	70,101,732
Effect of foreign exchange rate changes		(18,965)	(23,113)
Cash and cash equivalents at 30 June	15	9,965,573	1,690,178

The notes on pages 36 to 62 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 5 June 2017.

The Company's issued shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 18 July 2018.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange. It was authorised for issue on 29 August 2024.

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

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

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

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

3. CHANGES IN ACCOUNTING POLICIES

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

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

For the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are providing equipment based financing solutions, factoring services, value-added advisory services to customers, sales of packaging and paper products and manufacture and sales of vinegar and other condiment products in the People's Republic of China (the "PRC"). The amount of each significant category of revenue recognised during the six months ended 30 June 2024 and 2023 is as follows:

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
<i>Revenue from contract with customers within the scope of HKFRS 15, types of goods or services, recognised at point in time</i>		
Sales of products arising from		
Sales of packaging and paper products	6,293,347	10,449,316
Sales of vinegar and other condiment products	5,335,480	1,925,780
	11,628,827	12,375,096
Other revenue from		
Commission income from sales of vinegar and other condiment products	263,689	216,410
	263,689	216,410
	11,892,516	12,591,506
<i>Revenue from other source</i>		
Interest income from		
Finance lease receivables	16,069	200,506
Receivables from sale – leaseback transaction under loans and receivables	2,771,898	1,510,945
Factoring receivables	–	2,561,962
	2,787,967	4,273,413
	14,680,483	16,864,919

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING (Continued)

(a) Disaggregation of revenue (Continued)

- (i) The Group has two customers and one customer for six months ended 30 June 2024 and 2023 respectively, with whom transactions have exceeded 10% of the Group's aggregate revenues. Such revenue from the customers is set out below:

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Customer A (Packaging and paper products trading)	2,337,259	5,582,603
Customer B (Manufacture and sale of vinegar and other condiment products)	2,159,590	*

Note: * Revenue from the customer was less than 10% for six months ended 30 June 2023.

- (ii) Revenue from sales of packaging and paper products and sales of vinegar and other condiment products are recognised when control of goods has transferred, being when the goods have been delivered as agreed in the sales contracts.

(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, being the chief operating decision maker, for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Financial services segment: providing financial leasing service, factoring service and advisory service in the PRC. Income of financial leasing service, factoring service and advisory service constitute financial services for the six months ended 30 June 2024.
- Packaging and paper products trading segment: the Group set up Fujian Baiying Paper Co., Ltd. ("Baiying Paper") to diversify the business of the Group. The main business of Baiying Paper is sales of packaging and paper products in the PRC; and
- Manufacture and sale of vinegar and other condiment products segment: the Group set up Fujian Yongchun Qiaoxin Brewing Co., Ltd. ("Qiaoxin") to diversify the business of the Group. The main business of Qiaoxin is manufacturing and selling of vinegar and other condiment products 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, and current assets with the exception of deferred tax assets. Segment liabilities include borrowings, trade and other liabilities, lease liabilities, income tax payable with the exception of deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue 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 or loss is "loss for the period". To arrive at loss for the period the Group's losses are further adjusted for items, such as other head office or corporate administration costs.

For the six months ended 30 June 2024

4. 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 allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2024 (Unaudited)			
	Financial services RMB	Packaging and paper products trading RMB	Manufacture and sale of vinegar and other condiment products RMB	Total RMB
Reportable segment revenue	2,787,967	6,293,347	5,599,169	14,680,483
Cost of sales	–	(6,139,378)	(3,644,262)	(9,783,640)
Other income, other gains and losses	(127,518)	13,209	300,177	185,868
Interest expenses	(204,612)	–	(290,086)	(494,698)
Impairment losses reversed	1,499,382	4,267	57,329	1,560,978
Administrative expense	(1,461,513)	(107,232)	(5,618,383)	(7,187,128)
Selling and distribution expenses	–	(32,082)	(6,677,719)	(6,709,801)
Reportable segment profit/(loss) before income tax	2,493,706	32,131	(10,273,775)	(7,747,938)
Income tax (expense)/credit	(1,039,646)	3,167	43,506	(992,973)
Reportable segment profit/(loss) for the period	1,454,060	35,298	(10,230,269)	(8,740,911)

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

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

	Six months ended 30 June 2023 (Unaudited)			
	Financial services RMB	Packaging and paper products trading RMB	Manufacture and sale of vinegar and other condiment products RMB	Total RMB
Reportable segment revenue	4,273,413	10,449,316	2,142,190	16,864,919
Cost of sales	–	(10,229,647)	(1,890,113)	(12,119,760)
Other income, other gains and losses	574,565	15,569	129,958	720,092
Interest expenses	(710,610)	–	(30,026)	(740,636)
Impairment losses charged	(814,773)	(13,285)	(37,536)	(865,594)
Administrative expense	(967,435)	(125,310)	(4,559,440)	(5,652,185)
Selling and distribution expenses	–	(62,347)	(4,667,577)	(4,729,924)
Share of losses of an associate	(443,202)	–	–	(443,202)
Reportable segment profit/(loss) before income tax	1,911,958	34,296	(8,912,544)	(6,966,290)
Income tax (expense)/credit	(466,383)	(8,574)	135,983	(338,974)
Reportable segment profit/(loss) for the period	1,445,575	25,722	(8,776,561)	(7,305,264)

For the six months ended 30 June 2024

4. REVENUE AND SEGMENT REPORTING (Continued)
 (b) Segment reporting (Continued)
 (ii) Reportable segment profit or loss, assets and liabilities

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Loss for the period		
Reportable segment loss	(8,740,911)	(7,305,264)
Unallocated head office and corporate expenses	(963,090)	(163,216)
Consolidated loss	(9,704,001)	(7,468,480)
	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Assets		
Reportable segment assets:		
– Financial services	226,354,275	227,618,755
– Packaging and paper products trading	5,606,253	5,547,244
– Manufacture and sale of vinegar and other condiment products	149,664,838	124,123,111
	381,625,366	357,289,110
Deferred tax assets	7,176,201	7,399,478
Unallocated head office and corporate assets	504,354	678,764
Elimination of inter-segment receivables	(115,586,431)	(86,548,624)
Consolidated total assets	273,719,490	278,818,728
Liabilities		
Reportable segment liabilities:		
– Financial services	18,851,016	17,502,719
– Packaging and paper products trading	307,411	284,767
– Manufacture and sale of vinegar and other condiment products	140,583,400	107,528,372
	159,741,827	125,315,858
Unallocated head office and corporate liabilities	357,702	1,122,136
Elimination of inter-segment payables	(115,586,431)	(86,548,624)
Consolidated total liabilities	44,513,098	39,889,370

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

5. IMPAIRMENT LOSSES (REVERSED)/CHARGED

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Loans and receivables	(916,410)	1,230,648
Finance lease receivables	(42,717)	(496,730)
Trade and other receivables	(601,851)	131,676
	(1,560,978)	865,594

6. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
(a) Staff cost		
Salaries, wages and other benefits	4,715,385	3,886,493
Contributions to defined contribution retirement plan	642,411	308,600
Subtotal	5,357,796	4,195,093
(b) Other items		
Amortisation cost of intangible assets	46,512	45,190
Depreciation charge		
– owned property, plant and equipment	2,546,581	2,308,990
Less: transfer to inventories	(2,021,879)	(1,832,243)
Charged to profit and loss	524,702	476,747
– right-of-use assets	519,028	547,972
Interest on lease liabilities	25,675	32,532
Auditor's remuneration	363,429	355,723
Cost of inventories	9,783,640	12,119,760
Legal expenses	436,133	177,567
Consulting expenses	15,566	9,690
Gain on disposal of property, plant and equipment	(12,671)	–

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

(a) Income tax in the consolidated statement of profit or loss:

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Current tax		
– PRC Enterprise Income Tax (“EIT”) provision for the period	784,173	437,858
– Over-provision in respect of prior periods	(14,477)	(6,779)
Deferred tax		
– Reversal/(origination) of temporary differences	223,277	(92,105)
	992,973	338,974

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

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Loss before income tax	(8,711,028)	(7,129,506)
Notional tax on loss before income tax, calculated at the rates applicable in the jurisdictions concerned	(1,936,985)	(1,782,377)
Tax effect of non-deductible expenses	434,729	27,156
Tax effect of unused tax not recognised	2,516,344	2,110,145
Tax effect of deductible temporary differences not recognised	366	(9,171)
Tax effect of utilisation of unused tax loss previously not recognised	(7,004)	–
Over-provision in respect of prior period	(14,477)	(6,779)
Income tax expense for the period	992,973	338,974

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

8. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to equity shareholders of the Company for the six months ended 30 June 2024 of RMB9,719,885 (six months ended 30 June 2023: RMB7,480,055) and the weighted average of 270,000,000 (six months ended 30 June 2023: 270,000,000) ordinary shares in issue during the interim period.

(b) Diluted loss per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 2023, and hence the diluted loss per share are the same as basic loss per share.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into several lease agreements and a land use right agreement in the PRC, and therefore recognised the additions to right-of-use assets of RMB536,812 (six months ended 30 June 2023: RMB195,334), of which RMB240,000 was fully paid during the year.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2024, the Group acquired items of office equipment and machinery with a cost of RMB123,432 (six months ended 30 June 2023: RMB1,841,493).

During the six months ended 30 June 2024, the Group acquired items of construction in progress with a cost of RMB11,654,931 (six months ended 30 June 2023: RMB1,426,380).

During the six months ended 30 June 2024, the Group acquired items of plant and motor vehicles with a cost of RMB3,273,039 (six months ended 30 June 2023: RMB179,661).

During the six months ended 30 June 2024, the Group disposed items of office equipment with carrying amount of RMB4,108 (six months ended 30 June 2023: nil).

(c) Impairment losses

During the six months ended 30 June 2024, no impairment loss of property, plant and equipment was recognised (six months ended 30 June 2023: nil).

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

10. LOANS AND RECEIVABLES

	Notes	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Factoring receivables with recourse		33,883,957	38,683,957
Less: Allowances for impairment losses	(iii)	(11,553,322)	(12,993,322)
Sub-total		22,330,635	25,690,635
Receivables from sale-leaseback transaction		71,135,371	48,791,372
Less: Allowances for impairment losses	(iii)	(6,146,351)	(5,622,761)
Sub-total		64,989,020	43,168,611
Total		87,319,655	68,859,246

Notes:

- (i) The allowances for impairment losses of loans and receivables were provided on expected credit loss model. As at 30 June 2024, the overdue gross loans and receivables analysed by overdue period are as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Overdue within 30 days (inclusive)	–	213,279
Overdue 31 to 90 days (inclusive)	842,752	21,678
Overdue above 90 days	7,527,210	10,640,868
At the end of the period/year	8,369,962	10,875,825

- (ii) Analysis for reporting purpose as:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current assets	46,420,321	22,734,197
Current assets	40,899,334	46,125,049
	87,319,655	68,859,246

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

10. LOANS AND RECEIVABLES (Continued)

(iii) Loans and receivables and allowances for impairment losses are as follows:

	As at 30 June 2024 (Unaudited)			Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- impaired) RMB	
Factoring receivables	–	31,900,907	1,983,050	33,883,957
Less: Allowances for impairment losses	–	(9,570,272)	(1,983,050)	(11,553,322)
Carrying amount of factoring receivables	–	22,330,635	–	22,330,635
Receivables from sale-leaseback transaction	62,765,409	326,242	8,043,720	71,135,371
Less: Allowances for impairment losses	(951,643)	(83,428)	(5,111,280)	(6,146,351)
Carrying amount of receivables from sale-leaseback transaction	61,813,766	242,814	2,932,440	64,989,020
Total carrying amount of loans and receivables	61,813,766	22,573,449	2,932,440	87,319,655

	As at 31 December 2023 (Audited)			Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- impaired) RMB	
Factoring receivables	–	36,700,907	1,983,050	38,683,957
Less: Allowances for impairment losses	–	(11,010,272)	(1,983,050)	(12,993,322)
Carrying amount of factoring receivables	–	25,690,635	–	25,690,635
Receivables from sale-leaseback transaction	40,111,876	21,678	8,657,818	48,791,372
Less: Allowances for impairment losses	(772,178)	(3,555)	(4,847,028)	(5,622,761)
Carrying amount of receivables from sale-leaseback transaction	39,339,698	18,123	3,810,790	43,168,611
Total carrying amount of loans and receivables	39,339,698	25,708,758	3,810,790	68,859,246

For the six months ended 30 June 2024

10. LOANS AND RECEIVABLES (Continued)

(iv) Movements of allowance for impairment losses on loans and receivables:

	2024			Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- impaired) RMB	
Balance at 1 January	772,178	11,013,827	6,830,078	18,616,083
Transfer:				
Stage I to stage II	(12,624)	12,624	–	–
Stage I and stage II to stage III	(11,529)	(3,555)	15,084	–
Net remeasurement of loss allowance	–	70,804	323,050	393,854
Partial settlement of receivables	(89,916)	(1,440,000)	(17,647)	(1,547,563)
New financial assets originated or purchased	470,002	–	–	470,002
Financial assets that have been derecognised due to settlement	(176,468)	–	(56,235)	(232,703)
Balance at 30 June (Unaudited)	951,643	9,653,700	7,094,330	17,699,673

	2023			Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- impaired) RMB	
Balance at 1 January	1,059,346	6,344,168	8,428,481	15,831,995
Transfer:				
Stage I to stage II	(11,554)	11,554	–	–
Net remeasurement of loss allowance	–	4,785,681	152,700	4,938,381
Partial settlement of receivables	(459,530)	(7,999)	(1,253,560)	(1,721,089)
New financial assets originated or purchased	513,930	–	–	513,930
Financial assets that have been derecognised due to settlement	(330,014)	(119,577)	(497,543)	(947,134)
Balance at 31 December (Audited)	772,178	11,013,827	6,830,078	18,616,083

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

11. FINANCE LEASE RECEIVABLES

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Minimum finance lease receivables not later than one year	43,537,179	43,894,560
Less: Unearned finance income	(2,559,700)	(2,587,206)
Net amount of finance lease receivables	40,977,479	41,307,354
Less: Allowances for impairment losses	(26,903,730)	(26,946,447)
Carrying amount of finance lease receivables	14,073,749	14,360,907

Analysis by security

Finance lease receivables are mainly secured by leased assets which are used in infrastructure, manufacturing, construction and other industries, lessees' deposits and leased assets repurchase arrangement where applicable.

Additional collateral may be obtained from lessees to secure their repayment obligation and such collateral include residential properties, car parks etc. Due to restriction of the collateral registration procedure, finance lease receivables with carrying amount of RMB422,089 was arranged through an entrusted loan with properties as the collateral as at 30 June 2024 (31 December 2023: RMB422,089).

Lessees' deposits are calculated and collected based on a certain percentage of the entire value of the lease contract. The deposits are returned to the lessees in full by end of lease period according to the terms of the lease contracts. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract.

Overdue gross finance lease receivables analysed by overdue period:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Overdue 31 to 90 days (inclusive)	–	55,252
Overdue above 90 days	40,977,479	41,142,657
At the end of the period/year	40,977,479	41,197,909

Finance lease receivables overdue but not impaired related to a number of lessees failing to pay the instalments, but the Group could collect the remaining balance from lessees, the suppliers or the agents of the leased assets through guarantee or from the disposal of leased assets.

For the six months ended 30 June 2024

11. FINANCE LEASE RECEIVABLES (Continued)

(a) Finance lease receivables and allowance for impairment losses

	As at 30 June 2024 (Unaudited)				Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- impaired) RMB		
Net amount of finance lease receivables	–	–	40,977,479		40,977,479
Less: Allowances for impairment losses	–	–	(26,903,730)		(26,903,730)
Carrying amount of finance lease receivables	–	–	14,073,749		14,073,749

	As at 31 December 2023 (Audited)				Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- impaired) RMB		
Net amount of finance lease receivables	109,445	55,252	41,142,657		41,307,354
Less: Allowances for impairment losses	(2,364)	(9,061)	(26,935,022)		(26,946,447)
Carrying amount of finance lease receivables	107,081	46,191	14,207,635		14,360,907

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

11. FINANCE LEASE RECEIVABLES (Continued)

(b) Movements of allowances for impairment losses on finance lease receivables

	2024			Total RMB
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- Impaired) RMB	
Balance at 1 January	2,364	9,061	26,935,022	26,946,447
Transfer:				
Stage II to Stage III	–	(9,061)	9,061	–
Net remeasurement of loss allowance	–	–	38,274	38,274
Partial settlement of receivables	–	–	(78,627)	(78,627)
Financial assets that have been derecognised due to settlement	(2,364)	–	–	(2,364)
Balance at 30 June (Unaudited)	–	–	26,903,730	26,903,730
	2023			
	12-month ECL RMB	Lifetime ECL (Not credit- impaired) RMB	Lifetime ECL (Credit- Impaired) RMB	Total RMB
Balance at 1 January	296,588	29,581	28,139,236	28,465,405
Transfer:				
Stage I to Stage II	(14,722)	14,722	–	–
Stage I to Stage III	(13,420)	–	13,420	–
Net remeasurement of loss allowance	–	–	2,396	2,396
Partial settlement of receivables	–	(5,660)	(1,012,881)	(1,018,541)
New financial assets originated or purchased	2,364	–	–	2,364
Financial assets that have been derecognised due to settlement	(268,446)	(29,582)	(391,936)	(689,964)
Recoveries of amounts previously write-off	–	–	184,787	184,787
Balance at 31 December (Audited)	2,364	9,061	26,935,022	26,946,447

For the six months ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES

	Notes	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current assets			
Rental deposits		132,342	132,342
Current assets			
Interest receivables		–	4,187,947
Less: allowances for impairment losses		–	(70,977)
		–	4,116,970
Trade receivables		4,986,285	7,073,773
Less: allowances for impairment losses	(i)	(163,817)	(226,705)
	(ii)	4,822,468	6,847,068
Other receivables		1,633,447	2,804,686
Less: allowances for impairment losses	(i)	(931,280)	(1,399,266)
		702,167	1,405,420
		5,524,635	12,369,458
Deductible value-added tax		9,325,961	7,829,729
Prepaid expenses		7,149,443	5,802,308
Prepayment for leased assets		289,512	195,826
		22,289,551	26,197,321
Total		22,421,893	26,329,663

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

12. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (i) Movements of allowances on trade and other receivables

	As at 30 June 2024 (Unaudited)			As at 31 December 2023 (Audited)		
	Interest receivables	Trade receivables	Other receivables	Interest receivables	Trade receivables	Other receivables
	RMB	RMB	RMB	RMB	RMB	RMB
At 1 January	70,977	226,705	1,399,266	614,950	6,856	577,880
Addition	-	163,817	10,038	70,977	226,705	821,386
Reversal	(70,977)	(226,705)	(478,024)	(614,950)	(6,856)	-
(Credited)/Charged to	(70,977)	(62,888)	(467,986)	(543,973)	219,849	821,386
At 30 June/31 December	-	163,817	931,280	70,977	226,705	1,399,266

- (ii) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, net of allowances for impairment losses, based on invoice date, is as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Within 3 months	2,860,793	5,981,178
Over 3 months but within 6 months	1,834,025	562,197
Over 6 months but within 1 year	127,650	303,693
Total	4,822,468	6,847,068

Trade receivables are due within 1-60 days from the date of billing. Trade receivable that are more than 60 days past due are requested to settle all outstanding balances before any further credit is granted.

For the six months ended 30 June 2024

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Wealth management products (Note)	5,802,905	34,135,944
Listed securities	6,654,734	6,962,710
	12,457,639	41,098,654

Note: The above wealth management products were issued by commercial banks in the PRC. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

14. INVENTORIES

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Raw materials	1,477,675	1,156,196
Work in progress	11,540,123	11,165,199
Finished goods	4,278,695	4,259,515
	17,296,493	16,580,910

15. CASH AND CASH EQUIVALENTS

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Deposits with banks	9,965,573	13,649,340

The Group's main operation in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

16. BORROWINGS

	<i>Notes</i>	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Bank loans			
– secured	<i>(i)</i>	8,000,000	9,000,000
– guaranteed	<i>(ii)</i>	10,000,000	–
		18,000,000	9,000,000

Analysis for reporting purpose as:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current liabilities	15,960,000	7,000,000
Current liabilities	2,040,000	2,000,000
	18,000,000	9,000,000

- (i) As at 30 June 2024, loans amounted to RMB8,000,000 (31 December 2023: RMB9,000,000) was secured by pledge of certain property, plant and equipment of the Group.
- (ii) As of 30 June 2024, loans amounted to RMB10,000,000 (31 December 2023: nil) was guaranteed by a fellow subsidiary of the Group.

For the six months ended 30 June 2024

16. BORROWINGS (Continued)

As at 30 June 2024 and 31 December 2023, the borrowings were repayable as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Within one year	2,040,000	2,000,000
After 1 year but within 2 years	11,960,000	2,000,000
After 2 years	4,000,000	5,000,000
	18,000,000	9,000,000

The ranges of effect interest rates on the borrowings are as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Range of interest rates	3.60%-4.10%	4.10%

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

17. TRADE AND OTHER LIABILITIES

	Notes	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Non-current liabilities			
Guaranteed deposits from lessees	(i)	2,810,000	1,460,000
Current liabilities			
Guaranteed deposits from lessees	(i)	2,753,530	4,719,528
VAT payable and other tax payable		6,755,530	7,191,257
Accounts payable	(ii)	430,611	262,611
Trade payables	(iii)	2,545,691	2,047,287
Accrued staff costs		2,761,983	3,743,259
Accrued liabilities		310,644	1,123,326
Payables for purchase of property, plant and equipment		1,806,207	4,656,980
Other payables		994,018	1,888,066
		18,358,214	25,632,314
Total		21,168,214	27,092,314

Notes:

- (i) Guaranteed deposit from lessees for reporting purpose:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Current portion	2,753,530	4,719,528
Non-current portion	2,810,000	1,460,000
Total	5,563,530	6,179,528

- (ii) As at 30 June 2024 and 31 December 2023, the accounts payable comprise of amounts RMB430,611 and RMB262,611 respectively, to be repaid to certain equipment suppliers under the leased assets repurchase arrangements. As such, there was no relevant invoice or demand notes as the basis to the ageing analysis. Alternatively, from the perspective of credit term, all the accounts payable were payable on demand.
- (iii) As at 30 June 2024, the ageing analysis of trade payables amounted to RMB727,028 (31 December 2023: RMB883,952), based on the invoice date, is within 3 months; RMB400,083 (31 December 2023: RMB609,191) is within 3 to 6 months; RMB876,277 (31 December 2023: RMB527,264) is within 6 to 12 months; and RMB542,303 (31 December 2023: RMB26,880) is over 12 months.

For the six months ended 30 June 2024

18. CAPITAL, RESERVES AND DIVIDENDS**(a) Dividends**

No dividend was paid, declared or proposed by the Group during the six months ended 30 June 2024 (2023: nil).

(b) Share capital**(i) Issued share capital**

	As at 30 June 2024		As at 31 December 2023	
	Number of shares	RMB	Number of shares	RMB
Ordinary shares, issued and fully paid:				
At 1 January	270,000,000	2,301,857	270,000,000	2,301,857
At 30 June/31 December	270,000,000	2,301,857	270,000,000	2,301,857

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 Group. All ordinary shares rank equally with regard to the Group's residual assets.

(c) Capital management

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

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

There were no changes in the Group's approach to capital management during the six months period ended 30 June 2024.

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**(a) Financial assets and liabilities 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.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

19. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy:

	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
At 30 June 2024 (Unaudited)				
Financial assets at fair value through profit or loss				
– Wealth management products	–	5,802,905	–	5,802,905
– Listed securities	6,654,734	–	–	6,654,734
	6,654,734	5,802,905	–	12,457,639
At 31 December 2023 (Audited)				
Financial assets at fair value through profit or loss				
– Wealth management products	–	34,135,944	–	34,135,944
– Listed securities	6,962,710	–	–	6,962,710
	6,962,710	34,135,944	–	41,098,654

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined with reference to the quotation published by the issuing bank as at the end of the reporting period.

20. COMMITMENTS

At 30 June 2024, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of assets under construction as follow:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Contracted for: Assets under construction	21,206,601	32,289,101

For the six months ended 30 June 2024

21. MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of the entities	Relationship
Septwolves Group Holding	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Septwolves Group	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Septwolves Asset Management Co., Ltd.* (廈門七匹狼資產管理有限公司) ("Septwolves Asset Management")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Huakai Fugui Property Management* (廈門花開富貴物業管理有限公司) ("Huakai Fugui Property Management")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Jingong Machinery Co., Ltd.* (福建晉工機械有限公司) ("Jingong Machinery")	A company of which 50% interest held by Ke Jinding
Zijiang Capital Limited ("Zijiang Capital")	One of shareholders of the Group
Pirates Media. Co., Ltd.* (廈門市派若文化傳播有限公司) ("Pirates Media")	A company controlled by Chen Chunruo, close member of the Executive Director Huang Dake
Sichuan Qingxiangyuan Condiments Co., Ltd.* (四川清香園調味品股份有限公司) ("Sichuan Qingxiangyuan")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Henghe Property (Fujian) Co., Ltd.* (恒禾物業(福建)有限公司) ("Henghe Property")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Lianhua (Xiamen) Aviation Food Co., Ltd.* (聯華(廈門)航空食品有限責任公司) ("Lianhua Food")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Huishangcheng Trade Co., Ltd.* (廈門匯尚成貿易有限責任公司) ("Huishangcheng Trade")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

21. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Name and relationship with related parties (Continued)

Name of the entities	Relationship
Hong Kong Li Hong Co., Ltd.* (香港莉鴻責任有限公司) ("Hong Kong Li Hong")	A company controlled by Chen Pengling (close member of Zhou Yongwei)
Xiamen Songyue Trading Co., Ltd.* (廈門頌悅貿易有限公司) ("Xiamen Songyue")	A company of which 2% interest held by and whose supervisor is Zhou Shiyuan
Fujian Baiying Pawn Co., Ltd.* (福建百應典當有限公司) ("Fujian Baiying Pawn")	A company controlled by Zhou Yongwei and Chen Xinwei
Fujian Septwolves Group Finance Co., LTD* (福建七匹狼集團財務有限公司) ("Fujian Septwolves Group Finance")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Septwolves Industry Co., Ltd.* (福建七匹狼實業股份有限公司) ("Fujian Septwolves Industry")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Quanzhou Baiying Investment Holding Co., LTD* (泉州市百應投資控股有限公司) ("Quanzhou Baiying Investment Holding")	A company controlled by Zhou Yongwei
Xiamen Siming Baiying Small Loan Co., LTD (廈門思明百應小額貸款有限公司) ("Xiamen Siming Baiying Small Loan")	A company controlled by Chen Xinwei

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

For the six months ended 30 June 2024

21. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Remuneration for key management personnel

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Key management personnel remuneration	656,470	422,900

(c) Related parties transactions

The Group entered into below transactions in the ordinary course of business under normal commercial terms and at the market rates.

	Six months ended 30 June	
	2024 RMB (Unaudited)	2023 RMB (Unaudited)
Interest expense		
– Septwolves Group Holding	–	105,031
– Fujian Septwolves Group	33,491	76,072
Rental and property management fee		
– Septwolves Asset Management	64,343	83,708
– Huakai Fugui Property Management	–	24,124
– Henghe Property	121,109	128,185
– Lianhua Food	95,945	49,800
Purchase of condiment products		
– Sichuan Qingxiangyuan	252,508	474,787
Sales commission income		
– Sichuan Qingxiangyuan	93,803	216,410
Payment for marketing expense		
– Pirates Media	1,960	–
Sales income		
– Sichuan Qingxiangyuan	28,299	–
– Fujian Baiying Pawn	276	–
– Fujian Septwolves Group Finance	7,133	–
– Fujian Septwolves Industry	94,825	–
– Septwolves Group Holding	787	–
– Quanzhou Baiying Investment Holding	1,312	–
– Huakai Fugui Property Management	3,236	–
– Xiamen Siming Baiying Small Loan	506	–

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2024

21. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Trade related		
Trade receivables		
– Sichuan Qingxiangyuan	308,494	–
– Fujian Septwolves Industry	468	–
Prepayment for leased assets		
– Jingong Machinery	267,216	173,531
Deposit for rental and property management		
– Septwolves Asset Management	48,258	29,298
– Huakai Fugui Property Management	–	9,146
Accounts payable and trade payable		
– Sichuan Qingxiangyuan	1,913,137	1,344,792
– Septwolves Group Holding	–	9,784
– Lianhua Food	52,290	52,290
Non-trade related		
Other receivables		
– Zijiang Capital	98,468	81,819
Interest payable for guarantees		
– Fujian Septwolves Group	31,481	–

(e) Guarantees provided by related parties

The guarantees provided by related party to the Group as the end of the period/year were as follows:

	As at 30 June 2024 RMB (Unaudited)	As at 31 December 2023 RMB (Audited)
Amount of maximum credit limit		
Fujian Septwolves Group	40,000,000	40,000,000