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## **FY FINANCIAL (SHENZHEN) CO., LTD.**

### **富銀融資租賃(深圳)股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 8452)**

## **ANNOUNCEMENT FOR THE UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

### **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 and no assurance is given that there will be a liquid market in the securities traded on GEM.**

### **INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of FY Financial (Shenzhen) Co., Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2024 (the “**Reporting Period**”) together with comparative figures for the corresponding period in 2023.

This announcement, containing the full text of the 2024 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) in relation to information to accompany preliminary announcement of interim results.

## **PUBLICATION OF INFORMATION**

This announcement is published on the websites of the Company ([www.fyleasing.com](http://www.fyleasing.com)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The unaudited interim report of the Company for the Reporting Period will be published on the above websites in due course.

On behalf of the Board  
**FY Financial (Shenzhen) Co., Ltd.**  
**Mr. Li Peng**  
*Chairman*

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises:

*Executive Directors:*

Mr. Li Peng (李鵬)

Mr. Weng Jianxing (翁建興)

Ms. Gong Xiaoting (貢曉婷)

*Non-executive Directors:*

Mr. Peng Qilei (彭期磊)

Ms. Liu Jing (劉敬)

*Independent non-executive Directors:*

Mr. Liu Shengwen (劉升文)

Mr. Hon Leung (韓亮)

Mr. Tong Qiang (佟強)

*This announcement, for which all 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 announcement 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 in this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at [www.fyleasing.com](http://www.fyleasing.com).*

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# CORPORATE INFORMATION

## NAME OF COMPANY

FY Financial (Shenzhen) Co., Ltd.

## STOCK CODE

08452

## BOARD OF DIRECTORS

### Executive Directors

Mr. Li Peng (Chairman)  
Mr. Weng Jianxing  
Ms. Gong Xiaoting

### Non-executive Directors

Mr. Peng Qilei  
Ms. Liu Jing

### Independent Non-executive Directors

Mr. Liu Shengwen  
Mr. Hon Leung  
Mr. Tong Qiang

## SUPERVISORY COMMITTEE

Mr. Zhu Xiaodong (Chairman)  
Mr. Liu Bing  
Mr. Sun Luran

## AUDIT COMMITTEE

Mr. Liu Shengwen (Chairman)  
Mr. Hon Leung  
Mr. Tong Qiang

## NOMINATION COMMITTEE

Mr. Li Peng (Chairman)  
Mr. Hon Leung  
Mr. Tong Qiang

## REMUNERATION COMMITTEE

Mr. Liu Shengwen (Chairman)  
Mr. Hon Leung  
Mr. Peng Qilei

## JOINT COMPANY SECRETARIES

Ms. Gong Xiaoting  
Mr. Wong Wai Chiu

## AUTHORIZED REPRESENTATIVES

Mr. Weng Jianxing  
Mr. Wong Wai Chiu

## CORPORATE INFORMATION

**REGISTERED OFFICE**

Room 201, Block A  
No. 1 Qianwan First Road  
Qianhai Shenzhen-Hong Kong Cooperation Zone  
Shenzhen, Guangdong  
The People's Republic of China (the "PRC")

**HEAD OFFICE IN THE PRC**

Room 1603, Cheung Kei Building  
No. 128 Xinzhou 11th Street  
Futian District  
Shenzhen, Guangdong  
The PRC

**PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

40/F, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

**COMPANY WEBSITE**

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

**AUDITOR**

SHINEWING (HK) CPA Limited

**LEGAL ADVISERS****As to Hong Kong law**

Sidley Austin

**As to PRC law**

Beijing Tian Yuan Law Firm

**As to litigation advisor**

Guangdong Huatu Law Firm

**PRINCIPAL BANKERS**

China Everbright Bank  
Agricultural Bank of China Limited  
Bank of China Limited

**HONG KONG H SHARE REGISTRAR AND TRANSFER OFFICE**

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

\* If there is any inconsistency between the Chinese names of the entities, companies or legal entities incorporated in the PRC and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such entities, companies or legal entities are provided for illustration purposes only.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1. BUSINESS

### 1.1 Business Review

In the first half of 2024, international environment remained perplexing and challenging, downward pressure on global economy was lingering, uncertainties of international economic trade and cooperation persisted amid alarming rise in geopolitical conflicts. Despite of the less-than-expected recovery of macro-economies as a result of an increase in adverse factors affecting international political and economic situations, the market in general remained vigorous and robust.

The Group is principally engaged in the provision of financial leasing, factoring and advisory services, customer referral services, the supply of medical equipment, energy storage business and newly-developed cross-border e-commerce business in the PRC. The principal operating entity of the cross-border e-commerce business is Shenzhen Anshi Energy Technology Co. Ltd.\* (深圳安時能源技術有限公司) (“**Anshi Energy**”), a non-wholly and 60%-owned subsidiary invested and established by the Company, with registered capital of RMB5 million.

During the six months ended 30 June 2024 (the “**Reporting Period**”), the total revenue realized by the Group was approximately RMB25.20 million, a year-on-year decrease of 1.69%; the net loss recorded was approximately RMB2.97 million, whereas a net profit of approximately RMB0.11 million was recorded for the corresponding period of last year.

During the Reporting Period, the Group’s finance leasing and factoring business, which serves small- and medium-sized enterprises, continued to be cautious by adopting prudent financial management strategies and strengthening risk management measures to ensure the safety of funds. During the Reporting Period, the performance of factoring business kept improving as mirrored by a steady trend in its business scale and revenue.

During the Reporting Period, the cost of energy storage battery plunged due to a continuous fall in lithium carbonate price, setting a cost reduction trend for the entire energy storage industry chain. As a result, the energy storage business of the Group also faced tremendous market competition, slowing down the process of verification, acceptance and entry into operation of the Company’s energy storage projects. As such, the management of the Company carried out various strategies to reduce costs and increase efficiency through optimising its supply chain, persistently improving quality system and facilitating product upgrade and iteration. In addition, the Company kept strengthening internal operation and management efficiency, optimising organisational structure and lean management with an aim to fully explore the potential of quality and efficiency enhancement.

During the Reporting Period, the Group’s cross-border e-commerce business targeted the branded e-commerce merchants on Amazon, focusing on the sale of portable energy storage systems and Bluetooth speakers in the U.S., Canada and Europe, etc.

As analysed in a report by Frost & Sullivan, gross merchandise value (GMV) of the B2C export e-commerce market in China grew rapidly from RMB1,318.3 billion in 2018 to RMB3,850.3 billion in 2023, representing a compound annual growth rate of 23.9%. The GMV is expected to reach RMB7,236.8 billion in 2028 and the compound annual growth rate from 2023 to 2028 will be 13.5%. Under the cross-border e-commerce business model, peak retail seasons, such as Black Friday and Christmas, are closely related to platform and sellers’ offers and promotions. As peak retail seasons in general fall within the second half of each year, sales performance shows a start-low and end-high trend with sales increasing quarter by quarter.

\* For identification purpose only

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS (CONTINUED)

#### 1.1 Business Review (continued)

During the Reporting Period, we established the system for cross-border e-commerce business in terms of product design, product branding, product storage and logistics management as well as online sales through concrete supply chain and logistics management. Since the inception of Anshi Energy, we have established two brands of portable energy storage products, namely ANCOON and BROTOBOT, and three brands of Bluetooth speakers, namely AKONE, TEBEAT and ODIOMX, in the U.S and Europe. All of the revenue was from merchandise sales on third-party e-commerce platforms. In addition, we have had cooperations with a number of leading e-commerce platforms, such as Amazon, Walmart and Ebay.

#### 1.2 BUSINESS PROSPECTS

Due to the complexity of the international political and economic situation, the recovery of the world economy is likely to remain sluggish. Looking forward, the Group remains cautious and optimistic about its long-term business prospects. The Group will continue to be cautious and adopt a prudent financial management strategy. Meanwhile, the Group will keep placing emphasis on cost reduction and efficiency enhancement by optimising supply chain, improving quality system and facilitating product upgrade and iteration. In addition, the Company will further develop its cross-border e-commerce business to expand its revenue streams, so as to ensure the long-term and stable development of the Group and create the best value returns for the Shareholders.

### 2. FINANCIAL REVIEW

#### 2.1 Overall performance

During the Reporting Period, the Group recorded a revenue of approximately RMB25.20 million, representing a decrease of approximately 1.69% from approximately RMB25.63 million for the same period last year. The decrease in revenue was mainly due to a decrease in revenue from energy storage business. In the first half of 2024, the Group recorded a net loss of approximately RMB2.97 million, whereas a net profit of approximately RMB0.11 million was recorded for the same period last year.

#### 2.2 Cost of sales

During the Reporting Period, the Group's cost of sales amounted to approximately RMB12.52 million, representing a decrease of approximately 21.83% from approximately RMB16.02 million for the same period last year, which was mainly due to the decrease in the cost of sales of energy storage business during the Reporting Period.

#### 2.3 Other income and gains

During the Reporting Period, other income and gains amounted to approximately RMB2.59 million, representing a decrease of approximately 24.59% from approximately RMB3.43 million for the same period last year, which was mainly due to the decrease in bank interest income during the Reporting Period.

#### 2.4 Operating expenses

During the Reporting Period, the Group's operating expenses amounted to approximately RMB2.63 million, representing an increase of approximately 17.22% from approximately RMB2.24 million for the same period last year, which was mainly due to the increase in staff salaries as a result of the increase in sales force.

## MANAGEMENT DISCUSSION AND ANALYSIS

**2. FINANCIAL REVIEW** (CONTINUED)**2.5 Administrative expenses**

During the Reporting Period, administrative expenses amounted to approximately RMB13.74 million, representing an increase of approximately 46.97% from approximately RMB9.35 million for the same period last year. The increase was mainly due to the increase in salaries and related expenses as a result of the increase in number of management members for the energy storage business and the crossborder e-commerce business newly developed by the Group.

**2.6 Impairment loss on accounts receivable**

Impairment loss of the Group mainly included the impairment losses on on financial lease receivables, receivables from sale and leaseback transactions, factoring receivables and other receivables (comprising trade receivables and receivables from operating lease), details of which are as follows:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Impairment loss (reversal of impairment loss) on financial lease receivables	1,119	(2,678)
Impairment loss on receivables from sale leaseback transactions	942	264
Reversal of impairment loss on factoring receivables	(571)	(6,478)
Reversal of impairment loss on other receivables	(117)	(1,722)
<b>Total impairment loss (reversal of impairment loss)</b>	<b>1,373</b>	<b>(10,614)</b>

During the Reporting Period, provision for impairment of accounts receivable was approximately RMB1.37 million, while there was a provision for impairment of accounts receivable of approximately RMB1.23 million for the same period last year.

**2.7 Income tax expense**

During the Reporting Period, the Group's income tax expense was approximately RMB1.11 million, representing a decrease of approximately 40.61% from approximately RMB1.87 million for the same period last year, which was mainly due to the lack of final settlement of income tax for the Reporting Period but income tax of RMB0.95 million paid in the same period last year for final settlement for the year 2022.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 3. FINANCIAL CONDITIONS ANALYSIS

As at 30 June 2024, the Group's total assets amounted to approximately RMB486.05 million, representing a decrease of approximately 0.10% from that as at 31 December 2023. As at 30 June 2024, the accounts receivable amounted to approximately RMB228.39 million, accounting for approximately 46.99% of the Group's total assets.

As at 30 June 2024, the Group's total liabilities amounted to approximately RMB38.22 million, representing an increase of approximately 6.92% from that as at 31 December 2023. The gearing ratio, representing the total debt (which includes interest-bearing bank and other borrowings (if any) and lease liabilities) divided by total equity, was approximately 8.53% as at 30 June 2024 (31 December 2023: approximately 7.93%).

As at 30 June 2024, the carrying amount of the Group's bank borrowings repayable within one year amounted to RMB10.00 million and the fixed interest rate of such bank borrowings was 3.2% per annum (31 December 2023: RMB5.00 million).

### 4. CASH FLOW ANALYSIS

The primary uses of the capital of the Group are to fund its financial and advisory business and trading operation business and to manage the working capital of its daily operations. During the Reporting Period, the Group had net cash used in operating activities of approximately RMB21.30 million, as compared to a net cash used in operating activities of approximately RMB70.02 million over the same period last year. The net cash generated from financing activities was approximately RMB4.23 million, as compared to a net cash used in financing activities of approximately RMB1.54 million over the same period last year. The net cash used in investing activities was approximately RMB7.26 million, as compared to a net cash used in investing activities of approximately RMB7.55 million over the same period last year.

### 5. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to equity holders. The Group actively and regularly reviews and manages its capital structure to maintain a balance between high returns and sound capital position and makes adjustments to the capital structure in light of changes in economic conditions. No changes were made by the Group in the objectives, policies or procedures of capital management during the Reporting Period.

### 6. CAPITAL EXPENDITURE

Due to its business nature, the Group has minimal capital expenditures. The Group's capital expenditures principally consist of expenditures on office equipment. During the Reporting Period, the Group had no material capital expenditures.

### 7. RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, the Group is committed to maintaining comprehensive risk management and internal control systems that enhance the Company's overall strategy and promote the Company's risk control capabilities while addressing various risks, including credit risks, liquidity risks, interest risks, operational risks and legal compliance risks. During the Reporting Period, the Group has implemented a comprehensive and effective risk management system with stringent procedures and measures in place, including multi-level assessments and approval processes.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 7. RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Company has set up an internal audit department to analyze and evaluate the Company's risk management and internal control systems. The results of internal audits and reviews will be reported to the audit committee of the Company and the Board. Within the scope of review on internal control, no significant control defects have been found. The review results have been reported to the audit committee of the Company and the Board.

The Board oversees and manages the overall risks associated with our operations. During the Reporting Period, the Board reviewed the effectiveness of risk management and internal control systems of the Group. The Board considered the risk management and internal control systems are effective and adequate in all material aspects in both design and operations. The Board oversees the risk management and internal control systems of the Group on an ongoing basis. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and provide only reasonable but not absolute assurance against material misstatement or loss.

The Company has developed and adopted different risk management procedures and guidelines with a clear division of power and responsibility. The Company would conduct self-assessment each year to confirm that all departments and the Company have properly complied with the risk management and internal control policy. During the Reporting Period, all departments conducted regular internal control evaluation to identify risks with potential impact on the Group's business and other aspects including major operational and financial procedures, regulatory compliance and information security. The risk assessment results and the proposed internal control measures have been submitted to the senior management and the general manager of the Company for review and approval. The senior management and the general manager of the Company are also responsible for supervising the effectiveness of implementation and future execution of the risk control measurement.

### 8. HUMAN RESOURCES

As at 30 June 2024, the Group had a total of 86 full-time employees, as compared to a total of 63 full-time employees as at 30 June 2023. The remuneration of the employees of the Group is determined based on the market conditions, work experience and employee performances. During the Reporting Period, the Group incurred employment benefit expenses (social insurance, housing fund and enterprise annuity) of approximately RMB0.94 million, representing an increase of approximately 37.10% from approximately RMB0.68 million for the same period last year, which was mainly due to an increase in the number of full-time employees. In compliance with applicable PRC laws and regulations, the Group has made contributions to social insurance funds (including pension, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for its employees. During the Reporting Period, the Group complied with all statutory social insurance and housing fund obligations applicable to it under PRC laws in all material aspects.

### 9. CONTINGENT LIABILITIES

As at 30 June 2024, the Group had no significant contingent liabilities (30 June 2023: nil).

### 10. CAPITAL COMMITMENTS

Save as disclosed in the section headed "MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS" of item 13 below, as at 30 June 2024, the Group had no capital commitments which was contracted for but not yet incurred.

## MANAGEMENT DISCUSSION AND ANALYSIS

## 11. LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2023 and 30 June 2024 the net current assets of the Group were approximately RMB297.93 million and RMB294.27 million respectively. As at 31 December 2023 and 30 June 2024, the cash and cash equivalents of the Group were approximately RMB62.26 million and RMB37.93 million respectively. As at 31 December 2023 and 30 June 2024, the carrying amount of the Group's bank borrowings repayable within one year amounted to RMB5.00 million and RMB10.00 million respectively.

## 12. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there were no other significant events that might affect the Group after the Reporting Period.

## 13. MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

### Material acquisitions or disposals

On 16 May 2024, Shenzhen Huixin Zhida Technology Co., Ltd.\* (深圳匯信致達科技有限公司) (“**Huixin Zhida**”), a non-wholly owned subsidiary of the Company, entered into an assets transfer agreement with Zhejiang Xinzhan Communications Technology Co., Ltd.\* (浙江新展通信技術有限公司) (“**Zhejiang Xinzhan**”), pursuant to which Huixin Zhida has conditionally agreed to sell, and Zhejiang Xinzhan has conditionally agreed to purchase 18 base stations constructed by Huixin Zhida at an aggregate consideration of RMB1,410,000 (before tax), subject to the consideration adjustment under the assets transfer agreement entered between Huixin Zhida and Zhejiang Xinzhan. In addition, Guangdong Yideng Engineering Construction Co., Ltd.\* (廣東壹登工程建設有限公司) (“**Guangdong Yideng**”), a non-wholly owned subsidiary of the Company, entered into an assets transfer agreement with Zhejiang Xinzhan, pursuant to which Guangdong Yideng has conditionally agreed to sell, and Zhejiang Xinzhan has conditionally agreed to purchase 105 base stations constructed by Guangdong Yideng at an aggregate consideration of RMB8,750,000 (before tax), subject to the consideration adjustment under the assets transfer agreement entered between Guangdong Yideng and Zhejiang Xinzhan. Please refer to the announcement of the Company dated 16 May 2024 for details.

On 19 June 2024, Huixin Zhida and Guangdong Yideng received a payment of RMB423,000 and RMB1,962,000, respectively, from Zhejiang Xinzhan. Currently, Huixin Zhida and Guangdong Yideng are making progress toward the completion of the transactions in an orderly manner.

Save as disclosed above, the Group had no other material acquisition or disposals of subsidiaries, associates or joint ventures during the Reporting Period.

### Significant investments

The Group's investment strategy or significant investments include: 1) investments that would enable the Group to indirectly engage in the industries with rapid development momentum and broad market prospects, which will bring investment returns and revenue to the Group; and 2) investments that would enable the Group to explore potential business cooperation opportunities.

As at 30 June 2024, details of the following significant investments held by the Group, which represent 5% or more of the Group's total assets, are set out below:

\* For identification purpose only

## MANAGEMENT DISCUSSION AND ANALYSIS

## 13. MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS

(CONTINUED)

## Investment in an associate

Name of investment	Investment cost (RMB '000)	Number of shares held (shares)	As at 30 June 2024		Six months ended 30 June 2024		
			Approximate percentage of shares held in investees (%)	Approximate percentage of the carrying amount of the Group's total assets (%)	Carrying amount (RMB '000)	Share of (loss) profit of an associate (RMB '000)	Dividend income (RMB '000)
Investment in an associate							
- Shanghai KYMS Cloud Technology Co., Ltd. <sup>(Note 1)</sup>	50,000	12,626,262	20.81%	10.29%	51,600	794	-

## Financial assets at FVTPL

Name of investment	Investment cost (RMB '000)	Number of shares held (shares)	As at 30 June 2024		Six months ended 30 June 2024		
			Approximate percentage of shares held in investees (%)	Approximate percentage of the carrying amount of the Group's total assets (%)	Fair value (RMB '000)	gain (loss) of fair value (RMB '000)	Dividend income (RMB '000)
Zhuhai Huihe Guangjing Chuangye Investment Fund, L.P. <sup>(Note 2)</sup>	30,000 <sup>(Note 4)</sup>	N/A <sup>(Note 5)</sup>	28.27%	6.17%	23,968	2,586	-
Beijing Shuncheng Health Investment Fund, L.P. <sup>(Note 3)</sup>	30,000	N/A <sup>(Note 6)</sup>	9.9%	6.17%	21,835	(2,670)	-

Note 1: Shanghai KYMS Cloud Technology Co., Ltd.\* (上海快易名商雲科技股份有限公司) is principally engaged in the leasing of serviced offices and provision of supporting value-added services.

Note 2: Zhuhai Huihe Guangjing Chuangye Investment Fund, L.P.\* (珠海匯合廣境創業投資基金(有限合夥)) mainly invests in unlisted enterprises in artificial intelligence, new generation information technology, biomedicine, intelligent manufacturing and other fields, sectors or industries.

Note 3: Beijing Shuncheng Health Investment Enterprise (Limited Partnership)\* (北京順澄健康投資企業(有限合夥)) achieves investment returns through investing in the fields of medical equipment, medical services and other health related fields focusing on unlisted companies.

Note 4: From which RMB24.00 million has been paid, while RMB6.00 million remains unpaid.

Note 5: Represents RMB30,000,000 out of the total capital commitment of RMB106,120,000.

Note 6: Represents RMB30,000,000 out of the total capital commitment of RMB303,000,000

## MANAGEMENT DISCUSSION AND ANALYSIS

**14. CHARGES ON ASSETS**

As at 30 June 2024, the Group did not have any charges on its assets.

**15. FOREIGN EXCHANGE EXPOSURE**

The Group's income and expenditure during the Reporting Period were principally denominated in RMB and most of the assets and liabilities as at 30 June 2024 were also denominated in RMB. During the Reporting Period, the Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate and no hedging transaction or forward contract arrangement was made by the Group during the Reporting Period.

**16. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at 30 June 2024, the Group has no specific plans to acquire any material investments or capital assets other than disclosed in the section headed "MATERIAL ACQUISITIONS OR DISPOSALS AND SIGNIFICANT INVESTMENTS" of item 13 above.

# OTHER INFORMATION

## AUDIT COMMITTEE

The Company established an audit committee (the “**Audit Committee**”) on 25 April 2017 with written terms of reference in compliance with the requirements as set out in the GEM Listing Rules. The Audit Committee consists of three independent non-executive Directors, being Mr. Liu Shengwen, Mr. Hon Leung and Mr. Tong Qiang, with Mr. Liu Shengwen as the chairman.

The unaudited condensed consolidated interim financial statements and the interim report of the Group for the six months ended 30 June 2024 have been reviewed by the Audit Committee.

## DISCLOSURE OF INTERESTS

### Interests and short positions held by substantial Shareholders and other persons in the shares and underlying shares of the Company

As at 30 June 2024, to the best knowledge of the Directors, the following persons or corporations (other than the Directors, supervisors of the Company (the “**Supervisors**”) or chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the “**SFO**”):

Name of Shareholder	Type of shares	Nature of interest	Number of shares interested in the relevant type of shares of the Company <sup>(1)</sup>	Percentage (approximate)	Number of shares interested in the total share capital of the Company <sup>(1)</sup>	Percentage (approximate)
Beijing Municipality Dayuan Tiandi Property Development Co., Ltd. * (北京市大苑天地房地產開發有限公司) (“ <b>Dayuan Tiandi</b> ”) <sup>(2)</sup>	Domestic shares	Beneficial owner	80,000,000 (L)	66.67%	80,000,000 (L)	22.26%
Mr. Zhao Dehua (“ <b>Mr. Zhao</b> ”) <sup>(2)</sup>	Domestic shares	Interest of a controlled corporation	80,000,000 (L)	66.67%	80,000,000 (L)	22.26%
Mr. Gong Liang (“ <b>Mr. Gong</b> ”) <sup>(2)</sup>	Domestic shares	Interest of a controlled corporation	80,000,000 (L)	66.67%	80,000,000 (L)	22.26%
Shenzhen Zhonglian Financial Holding Investment Development Co., Ltd. * (深圳眾聯金控投資發展有限公司) (“ <b>Shenzhen Zhonglian</b> ”) <sup>(3)</sup>	Unlisted foreign shares	Beneficial owner	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Beneficial owner	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%
Hainan Mujing Chengyuan Technology Partnership (Limited Partnership)* (海南木景誠苑科技合夥企業 (有限合夥)) (“ <b>Mujing Chengyuan</b> ”) <sup>(3)</sup>	Unlisted foreign shares	Interest of a controlled corporation	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Interest of a controlled corporation	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%
Mr. Gong Changjiu <sup>(3)</sup>	Unlisted foreign shares	Interest of a controlled corporation	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Interest of a controlled corporation	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%

## OTHER INFORMATION

## DISCLOSURE OF INTERESTS (CONTINUED)

Name of Shareholder	Type of shares	Nature of interest	Number of shares interested in the relevant type of shares of the Company <sup>(1)</sup>	Percentage (approximate)	Number of shares interested in the total share capital of the Company <sup>(1)</sup>	Percentage (approximate)
Mr. Xu Dongsheng ("Mr. Xu") <sup>(3)</sup>	Unlisted foreign shares	Interest of a controlled corporation	70,445,200 (L)	47.12%	70,445,200 (L)	19.60%
	Domestic shares	Interest of a controlled corporation	5,000,000 (L)	4.17%	5,000,000 (L)	1.39%
Beijing Youke Yu Technology Development Co., Ltd.* (北京優科玉科技發展有限公司) ("Youke Yu") <sup>(4)</sup>	Unlisted foreign shares	Beneficial owner	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Beijing Xinmao Licheng Trading Co., Ltd.* (北京鑫茂立成商貿有限公司) ("Xinmao Licheng") <sup>(4)</sup>	Unlisted foreign shares	Interest of a controlled corporation	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Mr. Guo Lidong ("Mr. Guo") <sup>(4)</sup>	Unlisted foreign shares	Interest of a controlled corporation	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Mr. Yan Wenge ("Mr. Yan") <sup>(4)</sup>	Unlisted foreign shares	Interest of a controlled corporation	46,714,200 (L)	31.25%	46,714,200 (L)	13.00%
Beijing Hengsheng Rongcheng Trading Co., Ltd.* (北京恆盛融誠商貿有限公司) <sup>(5)</sup>	Unlisted foreign shares	Beneficial owner	32,340,600 (L)	21.63%	32,340,600 (L)	9.00%
Ms. Wu Yue <sup>(5)</sup>	Unlisted foreign shares	Interest of a controlled corporation	32,340,600 (L)	21.63%	32,340,600 (L)	9.00%
KKC Capital Limited	H shares	Investment manager	9,408,000 (L)	10.47%	9,408,000 (L)	2.62%
KKC Capital SPC – KKC Capital High Growth Fund Segregated Portfolio	H shares	Beneficial owner	9,408,000 (L)	10.47%	9,408,000 (L)	2.62%
A Plus Capital Management Limited	H shares	Investment manager	9,318,000 (L)	10.37%	9,318,000 (L)	2.59%
Tiger Capital Fund SPC – Tiger Global SP	H shares	Beneficial owner	9,318,000 (L)	10.37%	9,318,000 (L)	2.59%

## Notes:

- (1) The letter "L" denotes the person's long position in the shares. As at 30 June 2024, the Company issued a total of 359,340,000 shares, including 120,000,000 domestic shares, 89,840,000 H shares and 149,500,000 unlisted foreign shares.
- (2) Dayuan Tiandi is owned as to 55% by Mr. Zhao and 45% by Mr. Gong. By virtue of the SFO, Mr. Zhao and Mr. Gong are deemed to be interested in the shares held by Dayuan Tiandi.
- (3) Shenzhen Zhonglian is owned as to 90% by Mujing Chengyuan and 10% by Mr. Gong Changjiu. Mujing Chengyuan is in turn owned as to 51% by Mr. Gong Changjiu and 49% by Mr. Xu. By virtue of the SFO, Mr. Gong Changjiu and Mr. Xu are deemed to be interested in the shares held by Shenzhen Zhonglian. As informed by Shenzhen Zhonglian, its name has been changed to Shenzhen Zhonglian Jinxin Commercial Service Co., Ltd.\* (深圳眾聯金信商務服務有限公司).

## OTHER INFORMATION

### DISCLOSURE OF INTERESTS (CONTINUED)

Notes: (continued)

- (4) Youke Yu is owned as to 20% by Mr. Guo and 80% by Xinmao Licheng. Xinmao Licheng is in turn owned as to 50% by Mr. Guo and 50% by Mr. Yan. By virtue of the SFO, Xinmao Licheng, Mr. Guo and Mr. Yan are deemed to be interested in the shares held by Youke Yu.
- (5) Beijing Hengsheng Rongcheng Trading Co., Ltd. is wholly owned by Ms. Wu Yue. By virtue of the SFO, Ms. Wu Yue is deemed to be interested in the shares held by Beijing Hengsheng Rongcheng Trading Co., Ltd.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person or corporation which had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

### Interests and short positions held by Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations

As at 30 June 2024, none of the Directors, Supervisors or chief executive of the Company had an interest or short position in the shares, underlying shares or debentures of the Company or its associated corporation as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules (which shall be deemed to apply to the Supervisors to the same extent as it applies to the Directors).

### DIVIDEND

The Board did not recommend any interim dividend for the Reporting Period.

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

### COMPETING INTERESTS

None of the Directors, controlling shareholders of the Company and their respective close associates (as defined in the GEM Listing Rules) had any interests in any business which competes or may compete with the business of the Group or any other conflicts of interest which such person has or may have with the Group which must be disclosed in this report as at 30 June 2024.

### DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding securities transactions by the Directors and Supervisors (the "Code of Conduct") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors and Supervisors, all Directors and Supervisors confirmed that they had complied with the required standard of dealings and the Code of Conduct during the six months ended 30 June 2024.

### CHANGES IN DIRECTORS' AND SUPERVISORS' INFORMATION

There is no change in the Directors' and Supervisors' information required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

## OTHER INFORMATION

## CORPORATE GOVERNANCE

The Group recognises the vital importance of good corporate governance to its success and sustainability. The Company is committed to achieving a high standard of corporate governance practices as an essential component of high quality and has introduced corporate governance practices appropriate to the operation and growth of its business. The Company has applied the principles set out in the Corporate Governance Code (the “CG Code”) as contained in Appendix C1 to the GEM Listing Rules.

## CULTURE AND VALUES

A healthy corporate culture is critical to the realization of the Group’s vision and strategy. The Board is responsible for fostering a corporate culture with the following core principles and ensuring that the Company’s vision, values and business strategies are aligned with the corporate culture.

### 1. Integrity and Code of Conduct

The Group stays committed to maintaining high standards of business ethics and corporate governance in all our activities and operations. Directors, management and employees are required to act in a lawful, ethical and responsible manner and the required standards and codes are clearly set out in the training materials for all new employees and have been incorporated into various policies, such as the Group’s Employee Handbook that includes the Group’s Code of Conduct therein and the Group’s Anti-Corruption Policy and Whistleblowing Policy. The Company conducts training from time to time for the purpose of reinforcing the necessary standards of ethics and integrity.

### 2. Integrity, Responsibility, Innovation and Dedication

The Group believes that a culture characterized with commitment to employee development, workplace safety and health, diversity and sustainability can create a sense of commitment and dedication to the Group, which lays a solid foundation for a strong and productive workforce that can attract, develop and retain the best talent, and strengthens the innovative thinking and dedication of its employees, thereby enhancing the Company’s efficiency. In addition, the Company’s strategies in business development and management aim at achieving long-term, stable and sustainable growth, as well as focus on environmental, social and governance to some extent.

During the Reporting Period, in the opinion of the Board, the Company has complied with all code provisions set out in Part 2 of the CG Code, save and except for the deviation from code provision C.2.1.

Under code provision C.2.1, the roles of chairman and chief executive officer should be separate and performed by different individuals. Presently, the Company does not have a position with the title “chief executive officer”. The role of general manager of the Company is to carry out the duties of a chief executive officer. Mr. Li Peng is the chairman of the Board and the general manager of the Company. Since Mr. Li Peng has demonstrated suitable management and leadership capabilities along with his thorough understanding of the Group’s business since his appointment as a Director and the general manager of the Company in 2012 and 2015, respectively, the Board believes that vesting both the roles of chairman of the Board and general manager of the Company in Mr. Li can facilitate the execution of the Group’s business strategies and maximizes the effectiveness of its operations. In addition, as all major decisions are made in consultation with the members of the Board and relevant Board committees, and there are three independent non-executive Directors offering independent perspectives, the Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board shall nevertheless review its structure from time to time to ensure that appropriate action is being taken as and when appropriate.

## SHARE INCENTIVE SCHEME

During the Reporting Period, the Group has no share incentive scheme.

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Continuing operations</b>			
<b>Revenue</b>	5	25,202	25,634
Cost of sales		(12,521)	(16,017)
<b>Gross profit</b>		12,681	9,617
Other income, gains and losses	6	2,585	3,428
Operating expenses		(2,628)	(2,242)
Administrative expenses		(13,737)	(9,346)
Impairment loss on finance lease receivables and account receivables, net		(1,377)	(1,234)
Finance cost		(113)	–
Share of profit of an associate		794	1,106
<b>(Loss) Profit before income tax</b>	7	(1,795)	1,329
Income tax expense	9	(1,110)	(1,869)
<b>Loss for the period from continuing operations</b>		(2,905)	(540)
<b>Discontinued operations</b>			
(Loss) profit after tax for the period from discontinued operations	8	(68)	654
<b>(Loss) profit and total comprehensive (expenses) income for the period</b>		(2,973)	114
<b>Profit (loss) and total comprehensive income (expenses) for the period attributable to:</b>			
– Owners of the Company		258	183
– Non-controlling interests		(3,231)	(69)
		(2,973)	114
<b>Profit (loss) and total comprehensive income (expenses) for the period attributable to owners of the Company arising from:</b>			
– Continuing operations		150	(161)
– Discontinued operations		108	344
<b>Total comprehensive income for the period</b>		258	183
<b>Earnings (loss) per share</b>			
Basic and diluted	10	RMB cents	RMB cents
– From continuing operations		0.04	(0.04)
– From discontinued operation		0.03	0.09

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Non-current assets</b>			
Plant and equipment	12	9,822	16,060
Intangible asset		1,355	1,630
Account receivables	15	532	944
Right-of-use assets	12	958	6,890
Financial assets at fair value through profit or loss ("FVTPL")	13	72,338	63,102
Interest in an associate		51,600	50,806
Goodwill		1,638	1,747
Deferred tax assets		15,842	15,639
		<b>154,085</b>	156,818
<b>Current assets</b>			
Inventories		8,326	4,619
Finance lease receivables	14	5,486	8,230
Account receivables	15	227,855	213,355
Prepayments, deposits and other receivables		14,296	9,248
Amounts due from related companies		30,390	30,116
Amounts due from a non-controlling interest		1,900	1,900
Cash and cash equivalents		37,934	62,263
		<b>326,187</b>	329,731
<b>Assets classified as held for sales</b>	8	5,779	–
		<b>331,966</b>	329,731
<b>Total assets</b>		<b>486,051</b>	486,549
<b>Current liabilities</b>			
Trade and other payables	16	19,539	19,169
Receipts in advance		3,043	212
Bank Borrowing	17	10,000	5,000
Lease liabilities		692	2,470
Tax payable		4,422	4,947
		<b>37,696</b>	31,798
<b>Net current assets</b>		<b>294,270</b>	297,933
<b>Total assets less current liabilities</b>		<b>448,355</b>	454,751

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
<b>Non-current liabilities</b>			
Deferred tax liabilities		401	161
Lease liabilities		121	3,784
		522	3,945
<b>Net assets</b>			
		447,833	450,806
<b>Capital and reserves</b>			
Share capital	18	359,340	359,340
Reserves		84,763	84,505
		444,103	443,845
<b>Equity attributable to owners of the Company</b>			
Non-controlling interests		3,730	6,961
Total equity		447,833	450,806

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Merger Reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Retained earnings RMB'000	Subtotal total RMB'000	Non- controlling Interests RMB'000	Total equity RMB'000
<b>At 1 January 2024 (audited)</b>	359,340	1,582	31,240	18,476	33,207	443,845	6,961	450,806
Profit (loss) and total comprehensive income (expenses) for the period	-	-	-	-	258	258	(3,231)	(2,973)
<b>At 30 June 2024 (unaudited)</b>	359,340	1,582	31,240	18,476	33,465	444,103	3,730	447,833
At 1 January 2023 (audited)	359,340	1,582	31,097	18,280	28,767	439,066	11,619	450,685
Profit (loss) and total comprehensive income (expenses) for the period	-	-	-	-	183	183	(69)	114
At 30 June 2023 (unaudited)	359,340	1,582	31,097	18,280	28,950	439,249	11,500	450,799

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
<b>Cash used in operating activities</b>	<b>(19,938)</b>	(70,671)
Interest received	248	2,053
Income tax paid	(1,609)	(1,398)
Net cash used in operating activities	<b>(21,299)</b>	(70,016)
<b>Cash flows from investing activities</b>		
Purchase of financial assets at FVTPL	(9,000)	(8,000)
Purchase of plant and equipment	(446)	(3,112)
Deposit received from disposal of assets	2,188	–
Proceeds from disposal of plant and equipment	–	3,558
Net cash used in investing activities	<b>(7,258)</b>	(7,554)
<b>Cash flows from financing activities</b>		
Capital elements of lease rentals paid	(667)	(1,347)
Interest elements of lease rentals paid	(105)	(188)
Proceeds from bank borrowing	5,000	–
Net cash from (used in) financing activities	<b>4,228</b>	(1,535)
Net decrease in cash and cash equivalents	<b>(24,329)</b>	(79,105)
Cash and cash equivalents at beginning of period	<b>62,263</b>	182,949
Cash and cash equivalents end of period, represented by bank balance and cash	<b>37,934</b>	103,845

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 1. GENERAL INFORMATION

FY Financial (Shenzhen) Co., Ltd. (the “**Company**”) was established in the People’s Republic of China (the “**PRC**”) on 7 December 2012 as a sino-foreign equity joint venture enterprise and was converted to a joint stock company with limited liability under the Company Law of the PRC on 10 September 2015. The address of its registered office is Room 201, Block A, No.1, Qianwan First Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, Guangdong, the PRC and the principal place of business is Room 1603, Cheung Kei Building, No.128 Xinzhou 11th Street, Futian District, Shenzhen, Guangdong, the PRC. The Company’s overseas-listed foreign shares (“**H Shares**”) have been listed on the GEM of the Stock Exchange since 23 May 2017.

The Company is principally engaged in financial leasing, advisory services, customer referral while the principal subsidiaries are principally engaged in financial leasing, provision of factoring and advisory services, customer referral, the supply of medical equipment, investment holding and energy storage business in the PRC.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements of the Group and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2024 have 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**”) and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 are presented in Renminbi (“**RMB**”), which is also the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC.

## 3. ADOPTION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial instruments, which are measured at fair values or revalued amounts, as appropriate. The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023.

In the current interim period, the Group has applied, for the first time, the following new and amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA which are effective for the Group’s financial year beginning 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1 (note)	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of new and amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial performance and positions for the current and prior periods and/ or on the disclosures set out in these interim condensed consolidated financial information.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION

## (a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has three (six months ended 30 June 2023: Three) reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- The financial and advisory business comprises (a) direct finance leasing; (b) sale-leaseback; (c) factoring; (d) advisory services; (e) customer referral; and (f) investment holding.
- The trading operation business comprises trading of electronic products.
- The energy storage business comprises (a) trading of energy storage systems; (b) energy storage solution and general contracting and (c) provision of energy storage business.

During the six months ended 30 June 2024, the Group disposed of the interest in 5G base station business segment which was presented as "discontinued operations". The following segment information of the Group's business segment does not include the discontinued operations.

	Financial and advisory business		Trading operation business		Energy storage business		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2024	2023	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Continuing operations								
Revenue from external customers	11,699	6,743	12,453	-	1,050	18,891	25,202	25,634
Inter-segment revenue	-	-	-	-	-	-	-	-
Reportable segment revenue	11,699	6,743	12,453	-	1,050	18,891	25,202	25,634
Reportable segment profit/(loss)								
before income tax	5,073	1,206	(1,549)	(898)	(5,319)	1,021	(1,795)	1,329
Bank interest income	107	1,998	65	16	76	37	248	2,051
Depreciation of plant and equipment	52	95	1	1	1,318	768	1,371	864
Depreciation of right-of-use assets	315	508	32	18	228	228	575	754
Amortisation of intangible asset	275	127	-	-	-	-	275	127
Provision for (reversal of) impairment loss on finance lease receivables and account receivables, net	1,490	36	(108)	904	(5)	294	1,377	1,234
Income tax expense	1,115	1,741	(11)	21	6	107	1,110	1,869

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 4. SEGMENT INFORMATION (Continued)

## (b) Geographic information

The Company was incorporated in the PRC and the principal place of the Group's operations is the PRC. All the Group's revenue and non-current assets are principally attributable to the PRC.

## (c) Information about major customers

Details of the customers contributing over 10% of total revenue of the Group are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Customer A <sup>1</sup>	N/A <sup>2</sup>	7,588
Customer B <sup>1</sup>	N/A <sup>2</sup>	7,082
	N/A <sup>2</sup>	14,670

<sup>1</sup> Revenue from energy storage business.

<sup>2</sup> The corresponding revenue did not contribute over 10% of the total revenue of the Group for the respective period.

## 5. REVENUE

An analysis of the revenue from the Group's principal activities and other income and gains and losses is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
<b>Revenue from contracts with customers</b>		
Energy storage solution and general construction	–	9,181
Energy storage service income	1,050	410
Sale of goods – energy storage system	–	9,300
Sale of goods – electronic products	12,453	–
Advisory service fee income	–	51
	13,503	18,942
<b>Revenue from other sources</b>		
Finance lease income	9	199
Income from sale-leaseback transactions	111	1,606
Factoring income	11,579	4,887
	11,699	6,692
	25,202	25,634

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 5. REVENUE (Continued)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Timing of revenue recognition</b>		
At a point in time	12,453	9,351
Overtime	1,050	9,591
	13,503	18,942

## 6. OTHER INCOME AND GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Continuing operations</b>		
<b>Other income, gains and losses</b>		
Bank interest income	248	2,053
Value added tax ("VAT") refund (note)	3	503
Loss on disposal of plant and equipment	–	(230)
Maintenance service income	1,901	355
Imputed interest income on trade receivables	82	219
Penalty charged to customers	113	200
Change in fair value of financial asset of FVTPL, net	236	–
Others	2	328
	2,585	3,428

Note: VAT refund represented the entitlement approved by the local government authority and received during the period. There is no unfulfilled conditions and other contingencies attaching to the VAT refund that has been recognised.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 7. (LOSS) PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Cost of sales:</b>		
– Bank charges and other expenses	–	136
– Depreciation of plant and equipment	815	768
– Cost of inventories sold	11,706	15,113
	<b>12,521</b>	16,017
Staff costs (including directors' emoluments)		
Comprise:		
Salaries, allowances and benefits in kind	7,816	5,165
Discretionary bonuses	632	145
Contribution to defined contribution retirement plan	935	682
	<b>9,383</b>	5,992
Depreciation of plant and equipment	556	96
Depreciation of right-of-use assets	575	754
Amortisation of intangible asset	275	127
Expenses relating to short-term leases	120	109
Impairment loss on finance lease receivables and account receivables, net	1,377	1,234
Loss on disposal of plant and equipment	–	230

## 8. DISCONTINUED OPERATIONS

On 16 May 2024, the Group entered into an asset transfer agreement with an independent third party whereby the Group agreed to dispose of the base stations constructed by its subsidiaries, Shenzhen Huixin Zhida Technology Co., Ltd.\* (深圳匯信致達科技有限公司) (“**Huixin**”) and Guangdong Yideng Engineering Construction Co., Ltd.\* (廣東壹登工程建設有限公司) (“**Yideng**”) for the use of the third party telecommunications operators, including the base station equipment and auxiliary facilities owned by Huixin and Yideng.

As at 30 June 2024, the disposal has not yet been completed. The Group expected the disposal to be completed in coming twelve months. The assets and liabilities of Huixin and Yideng as at 30 June 2024 were classified as assets and liabilities of a disposal group held for sale and the results of Huixin and Yideng have been presented as loss from discontinued operation. The comparative figures in the consolidated statement of profit or loss and other comprehensive income have been restated to re-present the results of Huixin and Yideng for the six months ended 30 June 2023 as profit from discontinued operation.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 8. DISCONTINUED OPERATIONS (Continued)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue	808	2,256
Cost of sales	(686)	(1,377)
Gross profit	122	879
Other income, gains and losses	203	43
Operating expenses	(5)	(1)
Administrative expenses	(381)	(241)
Reversal of/(provision for) impairment loss on account receivables	4	(21)
(Loss)/profit before tax from discontinued operations	(57)	659
Income tax expense	(11)	(5)
(Loss)/profit for the period	(68)	654

The following assets and liabilities were classified as held for sale in relation to the discontinued operation as at 30 June 2024:

	30 June 2024
	RMB'000
	(unaudited)
<b>Analysis of assets and liabilities over which control was lost:</b>	
Property, plant and equipment	5,151
Goodwill	109
Right of use assets	4,924
Account receivables	248
Other receivables and prepayments	516
Trade payables	(489)
Lease liabilities	(4,680)
Net assets disposed of	5,779

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 9. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<b>Income tax</b>		
– Current period	1,074	916
– Underprovision in prior period	–	945
<b>Deferred tax</b>		
– Charged for the period	36	8
Income tax expense	1,110	1,869

The Company and its subsidiaries are incorporated in the PRC subject to the enterprise income tax in the PRC.

Provision for the enterprise income tax in the PRC is calculated based on a statutory tax rate of 25% of the estimated assessable profits as determined in accordance with the relevant income tax law in the PRC in the current and prior period.

## 10. EARNINGS (LOSS) PER SHARE

## Basic earnings per share

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

	30 June 2024 RMB'000	31 December 2023 RMB'000 (Restated)
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share		
From continuing operations	150	(161)
From discontinued operations	108	344

	30 June 2024	31 December 2023
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	359,340,000	359,340,000

	30 June 2024 RMB cents	31 December 2023 RMB cents (Restated)
Basic and diluted earnings (loss) per share (RMB cents per share)		
From continuing operations	0.04	(0.04)
From discontinued operations	0.03	0.09
Total basic earnings (loss) per share	0.07	(0.05)

## 11. DIVIDENDS

No dividend was paid or proposed for the six months ended 30 June 2024 (six months ended 30 June 2023: nil), nor has any dividend been proposed since the end of the Reporting Period.





## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. ACCOUNT RECEIVABLES

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Receivables from sale-leaseback transactions	(a)	1,940	4,932
Factoring receivables with recourse	(b)	210,184	186,151
Trade receivables	(c)	15,762	21,737
Receivables from operating	(d)	501	1,479
Subtotal of account receivables		228,387	214,299

Analysis for reporting purpose as:

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current assets	227,855	213,355
Non-current assets	532	944
At end of year	228,387	214,299

Notes:

## (a) Receivables from sale-leaseback transactions

The following is an ageing analysis of receivables from sales-leaseback net of allowance for credit losses based on the schedule to repay of the receivables since the effective date of the relevant sale-leaseback contracts, as at the end of the Reporting Period.

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 year	1,940	4,871
After 1 year but within 2 years	–	61
	1,940	4,932
Analysis for reporting purpose as:		
Current	1,940	4,871
Non-current	–	61
	1,940	4,932

The Group allows an average credit period of 30 to 60 days (2023: 30 to 60 days) to its customers.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

## (a) Receivables from sale-leaseback transactions (Continued)

The following is a credit quality analysis of receivables from sale-leaseback transaction. In the event that an instalment repayment of a receivable from sale-leaseback transaction is overdue, the entire outstanding balance of the receivables from sale-leaseback transaction is classified as overdue.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Overdue but not credit-impaired – Overdue 90 days to 180 days	28,286	30,336
Allowance for impairment losses	(26,346)	(25,404)
	1,940	4,932

The Group, acts as a buyer-lessor does not recognize the transferred asset as the sale-leaseback transaction does not satisfy the requirements of HKFRS 15 as a sale but accounted for as financing arrangement under HKFRS 9.

The overdue interest rate is charged at fixed rate 0.1% per date (2023: 0.1% per day).

The effective interest rates of the receivables from sale-leaseback transactions ranged mainly from 9% to 10.54% per annum as at 30 June 2024 (2023: 7.89% to 11.25% per annum).

Movements of the provision for impairment loss on receivables from sale-leaseback transaction are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of the period/year	25,404	26,838
Impairment loss recognised for the period/year, net	942	264
Write off	–	(1,698)
At end of the period/year	26,346	25,404

The loss allowance was measured at an amount equal to 12 month and lifetime expected credit losses under the general approach for receivables from sale-leaseback transaction. The changes in the loss allowance was mainly due to written off of receivables from sale-leaseback transactions at the reporting date.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

## (b) Factoring receivables

The following is an ageing analysis of factoring receivables net of allowance for credit losses based on the schedule to repay of the receivables as at the end of the Reporting Period.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	210,184	186,151

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Current	210,184	186,151

The Group allows an average credit period of 0 to 30 days (2023: 0 to 30 days) to its customers.

The following is a credit quality analysis of factoring receivables. In the event that an instalment repayment of a factoring receivable is overdue, the entire outstanding balance of the factoring receivables is classified as overdue.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Neither overdue nor credit impaired	219,011	195,549
Allowance for impairment losses	(8,827)	(9,398)
	210,184	186,151

The overdue interest rate is charged at fixed rate 0.1% per date (2023: 0.1% per day).

The effective interest rates of the above factoring receivables ranged mainly from 9.7% to 10.54% per annum as at 30 June 2024 (2023: 12.5% to 14.5% per annum).

As at 30 June 2024, the Group hold collateral of the factoring receivables with a carrying amount of RMB292,360,000 (2023: RMB292,360,000) over the factoring receivables.

Movements in loss allowance of factoring receivables are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At the beginning of the period/year	9,398	30,916
Reversal of impairment loss recognised for the period/year, net	(571)	(6,478)
Written off	–	(15,040)
At the end of the period/year	8,827	9,398

The loss allowance was measured at an amount equal to 12 month and lifetime expected credit losses under the general approach for factoring receivables. The changes in the loss allowance was mainly due to the reversal of loss allowance on factoring receivables at the reporting date under the expected credit loss model.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

## (c) Trade receivables

The following is an ageing analysis of trade receivables net of allowance for credit losses based on the schedule to repay of the receivables as at the end of the Reporting Period.

	30 June 2024 RMB'000 (unaudited)	31 December 2023 RMB'000 (audited)
Within 1 year	15,230	20,854
After 1 year but within 2 years	532	883
	<b>15,762</b>	<b>21,737</b>
Analysis for reporting purpose as:		
Current	15,230	20,854
Non-current	532	883
	<b>15,762</b>	<b>21,737</b>

The Group allows an average credit period of 0 to 30 days (2023: 0 to 30 days) to its customers.

The following is a credit quality analysis of trade receivables. In the event that an instalment repayment of trade receivable is overdue, the entire outstanding balance of the trade receivables is classified as overdue.

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Neither overdue nor credit-impaired	11,309	17,149
Overdue but not credit-impaired		
– Overdue 30 days to 90 days	5,360	5,484
– Overdue 90 days to 180 days	136	260
Gross carrying amount of trade receivables	<b>16,805</b>	<b>22,893</b>
Allowance for impairment losses	<b>(1,043)</b>	<b>(1,156)</b>
	<b>15,762</b>	<b>21,737</b>

Movements of the provision for impairment loss on trade receivables are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
At beginning of the period/year	1,156	2,853
Reversal of impairment loss recognised for the period/year, net	(113)	(1,697)
At the end of the period/year	<b>1,043</b>	<b>1,156</b>

The loss allowance was measured at an amount equal to lifetime expected credit losses under the simplified approach for trade receivables. The changes in the loss allowance was mainly due to the reversal of loss allowance on trade receivables at the reporting date under the expected credit loss model.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 15. ACCOUNT RECEIVABLES (CONTINUED)

Notes: (Continued)

## (d) Receivables from operating leases

The following is an ageing analysis of receivables from operating leases net of allowance for credit losses based on the schedule to repay of the receivables as at the end of the Reporting Period.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	501	1,479

	30 June 2024 RMB'000	31 December 2023 RMB'000
Current	501	1,479

The Group allows an average credit period of 0 to 30 days (2023: 0 to 30 days) to its customers.

The following is a credit quality analysis of receivables from operating lease. In the event that an instalment repayment of receivables from operating lease is overdue, the entire outstanding balance of the receivables from operating lease is classified as overdue.

	30 June 2024 RMB'000	31 December 2023 RMB'000
Neither overdue nor credit-impaired	501	1,483
Less: Allowance for credit losses	–	(4)
	501	1,479

Movements of the impairment loss on receivables from operating lease are as follows:

	30 June 2024 RMB'000	31 December 2023 RMB'000
At beginning of year	4	29
Reversal of impairment loss recognised for the year	(4)	(25)
At end of year	–	4

The loss allowance was measured at an amount equal to 12 month expected credit loss under the general approach for receivables from operating lease. The changes in the loss allowance was mainly due to the reversal of loss allowance on receivables from operating leases at the reporting date under the expected credit loss model.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 16. TRADE AND OTHER PAYABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade payables (note a)	14,448	12,851
Accruals	78	817
Deposits from finance lease customers	1,616	1,986
Deposits from suppliers	–	120
VAT payables	3,397	3,316
Others	–	79
	<b>19,539</b>	<b>19,169</b>

Notes:

- (a) The ageing analysis of trade payables of the Group, based on invoice dates, as at the end of the period/year is as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	14,448	12,851

## 17. BANK BORROWING

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Unsecured bank borrowing classified as current liabilities	10,000	5,000
Carrying amount of bank borrowing repayable within one year	10,000	5,000

As at 30 June 2024, the bank borrowing was denominated in RMB, bore interest at fixed rate of 3.2% (2023: 3.2%) per annum and repay within one year for the purpose of operating use.

## 18. SHARE CAPITAL

	Number of shares	RMB
Registered domestic and unlisted foreign share capital and H Shares: At 1 January 2023, 31 December 2023, 1 January 2024 and 30 June 2024	359,340,000	359,340,000

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) Saved as disclosed elsewhere in the condensed consolidated interim financial statements, the Group has the following significant related party transactions and balances with related party.

Name	Type of transaction	Transaction amount	
		Six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Beijing Municipality Dayuan Tiandi Property Development Co., Ltd.* (北京市大苑天地房地產開發有限公司) ("Dayuan Tiandi") (note (i), (ii))	Income from factoring transaction	381	–
Beijing City Longding Huayuan Property Development Co., Ltd.* (北京市龍鼎華源房地產開發有限公司) ("Longding Huayuan") (note (i), (ii))	Income from sales-leaseback transaction	–	779
	Income from factoring transaction	1,098	–
	Lease payment (note (iii))	82	–
	Interest on lease liabilities	7	–

Detail of amount due from related company is as follows:

Name of related parties	Maximum amount outstanding during the period/year			
	As at 30 June 2024	As at 31 December 2023	30 June 2024	31 December 2023
	RMB'000 (Unaudited)	RMB'000 (Audited)	RMB'000 (Unaudited)	RMB'000 (Audited)
Longding Huayuan				
Factoring receivables	22,906	22,967	22,967	22,967
Less: Impairment allowance	(261)	(596)		
	22,645	22,371		
Dayuan Tiandi				
Factoring receivables	7,952	7,952	7,952	7,952
Less: Impairment allowance	(207)	(207)		
	7,745	7,745		
Total	30,390	30,116		

Notes:

- (i) Longding Huayuan is a wholly-owned subsidiary of Dayuan Tiandi, which is also a shareholder, which 22.26% interest in of the Company. The loss allowance was measured at an amount equal to 12 months expected credit losses for sale leaseback and factoring receivables.
- (ii) The amounts due from related companies are trade nature with credit period of 0 to 30 days (31 December 2023: 0 to 30 days), unsecured and interest-free.
- (iii) During the six months ended 30 June 2024, the Group entered into a three-year lease in respect of property leased for own use from a related company of the Group. The amount of rent payable by the Group under the lease is RMB14,000 per month. As at 30 June 2024, the carrying amount of such lease liabilities is approximately RMB200,000 (31 December 2023: RMB351,000). During the six months ended 30 June 2024, the Group has made lease payment of RMB82,000 to the related company (during year ended 31 December 2023: RMB124,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 19. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Members of key management including the Directors whose emoluments are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefit in kind	855	771
Contributions to defined contribution scheme	55	39
	910	810

## 20. COMMITMENTS

(a) Capital commitment

	30 June	31 December
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Contracted for but not yet incurred:		
Investment in a fund	6,000	15,000

## 21. CONTINGENT LIABILITIES

As at 30 June 2024, the Group does not have any significant contingent liabilities (31 December 2023: nil).

## 22. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of the Reporting Period. For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2024

## 22. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE (CONTINUED)

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2024</b>				
Financial assets at FVTPL				
– Preference shares of an unlisted investment	–	–	5,435	5,435
– Interests in Zhuhai Huihe	–	–	23,968	23,968
– Interests in Beijing Shuncheng	–	–	21,835	21,835
– Interests in ShenZhen Divbio	–	11,300	–	11,300
– Interests in Yixing	–	9,800	–	9,800
	–	21,100	51,238	72,338
<b>As at 31 December 2023</b>				
Financial assets at FVTPL				
– Preference shares of an unlisted investment	–	–	5,435	5,435
– Interests in Zhuhai Huihe	–	–	12,382	12,382
– Interests in Beijing Shuncheng	–	–	24,505	24,505
– Interests in ShenZhen Divbio	–	11,300	–	11,300
– Interests in Yixing	–	9,480	–	9,480
	–	20,780	42,322	63,102

There were no transfers between levels during the period/year.