

INTERIM REPORT 2024

浩森金融科技集團有限公司

Haosen Fintech Group Limited



(incorporated in Cayman Islands with limited liability)
Stock code: 3848

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Corporate Information

COMPANY NAME

Haosen Fintech Group Limited

STOCK CODE

03848

BOARD OF DIRECTORS

Executive Director

Mr. LO Wai Ho (*Chairman*)

Non Executive Directors

Mr. Wu Jiaqi
Ms. Wan Tingting

Independent Non-Executive Directors

Mr. HA Tak Kong
Mr. IP Chi Wai
Mr. KAM Wai Man

AUDIT COMMITTEE

Mr. HA Tak Kong (*Chairman*)
Mr. IP Chi Wai
Mr. KAM Wai Man

REMUNERATION COMMITTEE

Mr. HA Tak Kong (*Chairman*)
Mr. LO Wai Ho
Mr. IP Chi Wai

NOMINATION COMMITTEE

Mr. HA Tak Kong (*Chairman*)
Mr. LO Wai Ho
Mr. IP Chi Wai

COMPANY SECRETARY

Mr. XIE Weiquan

REGISTERED OFFICE

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

HAOSEN FINTECH GROUP LIMITED

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3402, 34/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

COMPANY WEBSITE

<https://www.haosenfintech.com>

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

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
No. 69, Jianguomen Nei Avenue
Dongcheng District
Beijing
PRC

Guangdong Huaxing Bank
No. 533, Tian He Street
Tian He District, Guangzhou
Guangdong Province
PRC

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Haosen Fintech Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023 as follows:

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the first half of 2024. In China, the economy is still in the process of adjustment and recovery. In the said reporting period, revenue of the Group was mainly derived from loan interest income which accounted for approximately RMB54.4 million. In the first half of 2024, the Company adjusted its business strategy in response to the economic environment, and the Company had focus on the small loan business and allocated most of the resource in the business development of the second mortgages product. In the first half of 2024, the market situation of the real estate industry had changed seriously, the average price of second-hand real estate was in the trend of going down which required the Company be more careful in the operation and risk management. Based on the relevant policy changes, the Company will adjust business strategies in relation to our small loan business, so as to maintenance our share in Shenzhen’s second mortgage loan market. In relation to its financial leasing and factoring business, in view of the economic uncertainties, the Company is constantly adjusting relevant human resources based on the changes of the market environment, such that the optimized allocation of resources can allow us to enhance our operational efficiency. Our leasing and factoring business is in the process of adjustment, hence there is a significant decline in the relevant business revenue. The Group’s securities dealing business mainly refers to the provision of securities dealing services to customers in Hong Kong through Grand Partners Securities Limited, a wholly-owned subsidiary of the Company. The management will continue to pay attention to the impact of relevant factors on our business operations and enhance relevant risk management measures. The provision of small loans to individual customers and other small private companies will allow us to expand our customer base. The Group will also provide flexible financing services to potential customers of different sizes in various industries.

BUSINESS REVIEW

General information of the small loan business

The small loan business is Company’s core business. It contribute RMB54.4 million out of the total revenue RMB54.8 million, about 99.3% of the total revenue of the Company. The Company provided small loan service through our wholly-owned subsidiary Shenzhen Haosen Credit Joint Stock Limited (“Shenzhen Haosen”). Shenzhen Haosen had been providing loan services to customers with flexible terms through quick and comprehensive loan assessment and approval processes to support their continued development and address their liquidity needs. Our customer base primarily consists of customers engaged in the industry of manufacturing, wholesale and retail, construction and transportation.

Management Discussion and Analysis (Continued)

Impairment loss on loan receivables

As at 30 June 2024, the total loan receivables which only include small loan and financial lease business is RMB782.6 million (31 December 2023: RMB780.9 million). The total outstanding Principle Amount of the top 10 customers is approximately RMB169.5 million (31 December 2023: RMB174.7 million), about 21.7% (31 December 2023: 22.3%) of the total loan receivables which only include small loan and financial leasing business. The allowance for impairment losses of the top 10 customers is RMB14.7 million (31 December 2023: RMB11.9 million) which the total allowance for impairment losses is RMB70.9 million (31 December 2023: RMB89.5 million). The Company performed impairment assessment in the end of the Reporting Period under the expect credit loss ("ECL") model which required by HKFRS 9.

As at 30 June 2024, the Company has recognised RMB70.9 million (31 December 2023: RMB89.5 million) as the allowance of impairment losses. There are 4 (31 December 2023: 10) material loans which the amount of allowance for impairment losses is more than RMB1 million. To the best knowledge of the Directors after making all reasonable enquiries, the counter parties of the relative loan receivables are independent third parties and have no bearing on the related parties of the Company.

FINANCIAL REVIEW

The following discussion and analysis pertains to the financial information of the Group.

Revenue

The Group's revenue was derived from (i) interest income from financial leasing; (ii) interest income from small loans and other loans; (iii) commission and brokerage income from security dealing; and (iv) interest income from margin financing. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded a small drop from approximately RMB55.1 million for the six months ended 30 June 2023 to approximately RMB54.8 million for the six months ended 30 June 2024. The interest income from financial leasing contributed approximately RMB0.05 million with a significant drop (for the six months ended 30 June 2023: approximately RMB0.9 million) as the Company had allocated resources to small loan business.

The Group derived interest income from small loans through Shenzhen Haosen, contributing at aggregate of approximately RMB53.5 million (for the six months ended 30 June 2023: approximately RMB53.6 million). The interest income from other loans of approximately RMB0.1 million (for the six months ended 30 June 2023: approximately RMB0.1 million) was contributed by our wholly owned subsidiary, Grand Partners Finance Limited, for the period ended 30 June 2024.

The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.02 million (for the six months ended 30 June 2023: approximately RMB0.2 million), while the interest income from margin financing remained similarly at approximately RMB0.1 million (for the six months ended 30 June 2023: approximately RMB0.1 million) from our wholly owned subsidiary, Grand Partners Securities Limited, for the six months ended 30 June 2024.

Other income

Other income dropped by approximately RMB0.2 million or approximately 11.1%, from approximately RMB1.8 million for the six months ended 30 June 2023 to approximately RMB1.6 million for the six months ended 30 June 2024 due to the drop of bad debt recovery income.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses record a drop from approximately RMB12.0 million for the six months ended 30 June 2023 to approximately RMB11.4 million for the six months ended 30 June 2024.

Other operating expenses

Other operating expenses for the six months ended 30 June 2024 consisted mainly of (i) building management fee of approximately RMB0.4 million; (ii) commission for loan referral and service charge of loan collection of approximately RMB2.6 million in relation to the small loan business; (iii) entertainment expenses of approximately RMB0.2 million; (iv) legal and professional fee of approximately RMB0.9 million; and (v) sundry items of approximately RMB1.5 million.

For the six months ended 30 June 2024, the other operating expenses was approximately RMB7.4 million, representing approximately 13.5% of the Group's total revenue (for the six months ended 30 June 2023: approximately 10.7%).

Finance cost

The finance cost increased from approximately RMB5.0 million for the six months ended 30 June 2023 to approximately RMB6.2 million for the six months ended 30 June 2024 with an increase of approximately RMB1.2 million due to the increase of bank borrowing.

Profit for the period attributable to the equity holders of the Company

Profit for the period decreased from approximately RMB20.3 million for the six months ended 30 June 2023 to approximately RMB7.7 million for the six months ended 30 June 2024 due to increase in allowance of expected credit on loan and account receivables.

Interim dividend

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

Liquidity, financial resources and capital resources

As at 30 June 2024, the cash and cash equivalents were approximately RMB15.9 million (31 December 2023: approximately RMB26.3 million). The working capital (current assets less current liabilities) and total equity of the Group as at 30 June 2024 were approximately RMB198.5 million (31 December 2023: approximately RMB127.6 million) and approximately RMB574.0 million (31 December 2023: approximately RMB573.7 million).

Management Discussion and Analysis (Continued)

As at 30 June 2024, the Group's bank borrowings with maturity within one year amounted to approximately RMB142 million (31 December 2023: approximately RMB142 million) and the Group's bank borrowings with maturity exceeding one year amounted to nil (31 December 2023: Nil).

Gearing ratio (total borrowings/total equity) as at 30 June 2024 was 24.6% (31 December 2023: approximately 24.7%).

Loan and account receivables

Loan and account receivables consisted of (i) financial leasing receivables including the principal and interest of financial leasing; (ii) factoring loan receivables; (iii) small loan receivables; (iv) other loan receivables and (v) account receivables in respect of securities dealing and broking services, financial advisory and loan facilitation services. As at 30 June 2024, the loan and account receivables increased to RMB718 million (31 December 2023: approximately RMB702 million) due to the results from the increase of small loan receivables.

Capital commitments

As at 30 June 2024, the Group had no capital commitments contracted but not provided (31 December 2023: Nil).

Employees and remuneration policy

As at 30 June 2024, the Group employed 74 full time employees (as at 30 June 2023: 79) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB11.95 million for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB11.4 million). The Group recognizes the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options have been granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

RISK MANAGEMENT

The Group's business operations are conducted in the small-loan market and financial leasing market in the PRC. Accordingly, the Group's business, financial position, results of operations and prospects are significantly affected by economic, political and legal developments in the PRC.

Being a financial service provider, the Group has implemented a risk management system to mitigate the risks arising from its daily operations. The risk management structure of the Group consists of the risk control committee at the top, under which are (i) the risk management department, (ii) the business development department, and (iii) the accounting and finance department. Potential business opportunities are assessed by the business development department based on the potential customer's background, credit records, financial position and the underlying assets. The risk management department reviews all given information meticulously and considers relevant risk factors. Where necessary, external legal advisors may be engaged to evaluate potential legal issues. The Group's accounting and finance department also works closely with the risk management department to assist in risk assessment by providing financial and tax opinions. The risk control committee as the final decision maker has the ultimate authority to approve each project. The Group also periodically conducts post-loan management on the customers and monitors loan and account receivables to review the ongoing risk exposure of the Group.

The Directors take both macro and micro economic conditions into account before making business decisions. The Group has taken closer monitoring to assess risks of existing customers to respond to the fast changing market. Moreover, given the recent volatility in the economy and financial market of the PRC, the Group has been more prudent in the selection of high-quality customers. The Group will continue to raise its risk management standards with better allocation of resources and fine-tuning its operational process, such as the introduction of credit assessment and approval procedures, to enhance the customer selection process.

In addition, the Group intends to improve the information technology system to assist in the collection of information with better accuracy and the review of the financial and operational status of the customers with better efficiency. The Group will also continue to expand the risk management team to handle the additional work arising from our expanding business operations, and allocate sufficient manpower to maintain an appropriate risk reward balance.

CONTINGENT LIABILITIES

As at 30 June 2024, the Group did not have any material contingent liabilities of guarantees (31 December 2023: Nil).

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

During the six months ended 30 June 2024, a total of 126,000 ordinary shares were bought back by the Company during the period at prices ranging from HK\$2.76 to HK\$2.99 per share. Among these shares bought back by the Company, 126,000 shares were settled and cancelled during the period. The consideration paid by the Company for such buy-backs of the shares of approximately HK\$0.4 million was charged to the retained profits.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buy-backs of the Company's shares during the period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the six-month period ended 30 June 2024, purchased, sold or redeemed any listed securities of the Company.

SHARE OPTION SCHEME

On 19 June 2017, the Company conditionally approved and adopted the share option scheme (the "2017 Share Option Scheme") in accordance with the provision of Chapter 17 of the Listing Rules. The purpose of the 2017 Share Option Scheme is to enable the Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, advisor, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group (the "Participants") as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. On and subject to the terms of the 2017 Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the 2017 Share Option Scheme to make an offer for the grant of an option to any participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the options to be granted under the 2017 Share Option Scheme is 15,552,300 shares of the Company in total.

Management Discussion and Analysis (Continued)

On 4 July 2018, under the 2017 Share Option Scheme, 4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK\$6.02. All options have been exercised.

On 24 April 2019, under the 2017 Share Option Scheme, 10,075,000 share options to subscribe for an aggregate of 10,075,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity periods of the options vary from (i) 24 April 2019 to 23 April 2022; (ii) 24 April 2019 to 23 April 2020; (iii) 24 April 2020 to 23 April 2021; and (iv) 24 April 2021 to 23 April 2023, and exercise price of HK\$7.00, and no share options were outstanding as at 30 June 2023.

On 22 January 2020, under the 2017 Share Option Scheme, 10,200,000 share options to subscribe for an aggregate of 10,200,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the 2017 Share Option Scheme with validity period of the options from 22 January 2020 to 21 January 2023, and exercise price of HK\$6.12 and an aggregate of 1,060,000 share options have been exercised up to 30 June 2023, and none of the share options were outstanding as at 30 June 2023.

On 14 December 2023, under the 2017 Share Option Scheme, 2,725,000 share options to subscribe for an aggregate of 2,725,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the share option scheme with validity period of the options from 14 December 2023 to 14 May 2026, and exercise price of HK\$5.93, an aggregate of 2,725,000 share options were outstanding as at 30 June 2023.

For options granted under the 2017 Share Option Scheme under 4 July 2018, 24 April 2019 and 22 January 2020 and 14 December 2023, the exercise price in relation to each option was determined by the Board, but in any event would not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the par value of a share of the Company. For further details of the grant of share option, please refer to the announcements of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018, 24 April 2019, 22 January 2020 and 14 December 2023.

Management Discussion and Analysis (Continued)

Set out below are details of the outstanding options under the 2017 Share Option Scheme as at 30 June 2024:

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Number of share options				Outstanding as at 30 June 2024
					Outstanding as at 31 December 2023	Granted during the period ended 30 June 2024	Exercised during the period ended 30 June 2024	Lapsed during the period ended 30 June 2024	
Director of the Company or its subsidiary									
Wu Jiaqi (note 1)	14 December 2022	14 December 2022 – 14 May 2026	HK\$5.93	HK\$5.92	1,553,000	-	-	-	1,553,000
Wan Ting Ting (note 2)	14 December 2022	14 December 2022 – 14 May 2026	HK\$5.93	HK\$5.92	79,000	-	-	-	79,000
Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme									
Other employees of the Company or its subsidiary									
	14 December 2022	14 December 2022 – 14 May 2026	HK\$5.93	HK\$5.92	1,093,000	-	-	-	1,093,000
					2,725,000	-	-	-	2,725,000

Notes:

- Mr. Wu has been appointed as non-executive Director of the Company with effect from 1 December 2023, please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 1 December 2023.
- Ms. Wan Ting Ting has been appointed as non-executive Director of the Company with effect from 1 May 2024. Please refer to the announcement of the Company published on the website of the Company and the Stock Exchange on 29 April 2024.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, on the Extraordinary General Meeting held on 30 June 2023, the Company terminated the “2017 Share Option Scheme” and conditionally approved and adopt the New Share Option Scheme (the “2023 Share option Scheme”). The purpose of the 2023 Share option Scheme is to enable the Company to grant options to the Eligible Participants and provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

Eligible Participants include any Employee Participant, Related Entity Participant or Service Provider who the Board or the remuneration committee considers, in their sole discretion, to have contributed or may bring benefits to the Group. On and subject to the terms of the 2023 Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the 2023 Share Option Scheme to make an offer for the grant of an option to Eligible Participants as the Board may determine. The Scheme Mandate Limit under the 2023 Share Option Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023. On 23 April 2024, under the 2023 Share Option Scheme, 15,000,000 share options to subscribe for an aggregate of 15,000,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees under the Share Option Scheme with validity period of the options from 23 April 2024 to 22 April 2029, and exercise price of HK\$2.2, an aggregate of 15,000,000 share options were outstanding as at 30 June 2024.

Management Discussion and Analysis (Continued)

Set out below are details of outstanding options under 2023 Share Option Scheme as at 30 June 2024.

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the date of grant of share options	Number of share options					
					Outstanding as at 31 December 2023	Granted during the period ended 30 June 2024	Exercised during the period ended 30 June 2024	Lapsed during the period ended 30 June 2024	Outstanding as at 30 June 2024	
Other employees of the Company and subsidiary under the Share Option Scheme										
Other employees of the Company and subsidiary										
	23 April 2024	23 April 2024 – 22 April 2029	HK\$2.20	HK\$2.00	-	15,000,000	-	-	-	15,000,000
					-	15,000,000	-	-	-	15,000,000

For the 2017 Share Option Scheme and 2023 Share Option Scheme, the number of shares available for future issue is 18,383,300, representing approximately 11.75% of the issued share of the Company as of the date of this report.

SHARE AWARD SCHEME

The Company has adopted a share award scheme on 6 November 2019 (the “2019 Share Award Scheme”) for the purposes of, amongst others, effectively recognising employee’s contribution to the Group and/or providing an incentive to employee to remain with or join the Group, for participation in the Scheme as a selected employee and determine the purchase, subscription and/or allocation of awarded shares according to the terms of the 2019 Share Award Scheme. However, until so selected, no Employee shall be entitled to participate in the scheme.

The 2019 Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 6 November 2029.

Since the adoption of the 2019 Share Award Scheme and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the 2019 Share Award Scheme.

In light of the recent amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023, on the Extraordinary General Meeting held on 30 June 2023, the Company terminated the “2019 Share Award Scheme” and conditionally approved and adopt the New Share Award Scheme(the “2023 Share Award Scheme”). The purpose of the 2023 Share Award Scheme will provide the Company with more flexibility in long term planning of granting of the Awards to the Eligible Participants and also provide appropriate incentives or rewards to persons who contribute or may bring benefits to the Group.

The Scheme Mandate Limit under the 2023 Share Award Scheme will be 15,658,300 Shares, representing 10% of the total number of Shares in issue as at 30 June 2023; and (ii) the Service Provider Sublimit will be 1,565,830 Shares, representing 1% of the total number of Shares in issue as at 30 June 2023. Since the adoption of the 2023 Share Award Scheme and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the 2023 Share Award Scheme.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the Reporting Period.

OUTLOOK AND PLANS

In the second half of 2024, the Group will continue to exercise prudence for effective cost control and when developing business with high-quality customers, in order to brace itself for the current challenging environment. The Group will continue to strengthen its risk management capabilities and do business with current and new customers that have good development potential in their respective industries. The Directors consider that in future, the Company will focus on enhancing its internal informatisation and strengthen its risk management abilities with the functions of its systems. More effective measures to cut costs and increase income will also be adopted. Reasonable cost controls will be put in place while capitalising on the advantages of its existing businesses to increase the profitability of the Company. The Company will continue to enhance its financing capacity and develop more partners to enhance its comprehensive service-ability. The major customers of the Company are in the PRC. The Company will continue to pay close attention to the situations of its customers and adjust its business strategies in a flexible manner. The Directors consider that the promotion of digitalisation of business through strengthening the integration of resources among the Group's business departments and the synergy among its subsidiaries will be a main focus of the Company and an effective approach for the Company to tackle with the complicated economic environment.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the rules governing the listing of securities on the Stock Exchange Hong Kong Limited ("Listing Rules"). During the six months ended 30 June 2024, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

Other Information

BOARD COMMITTEES

We have established the following committees under the Board: the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") on 19 June 2017. The committees operate in accordance with the terms of reference established by our Board. The written terms of reference of the three Board committees had been posted on the websites of the Company and the Stock Exchange.

Audit Committee

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2024 with no disagreement.

Remuneration Committee

The Remuneration Committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code. The primary functions of the Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management, review performance based remuneration and ensure none of our Directors determine their own remuneration. The Remuneration Committee comprises Mr. Ha Tak Kong, Mr. Lo Wai Ho and Mr. Ip Chi Wai. Mr. Ha Tak Kong is the chairman of the Remuneration Committee.

Nomination Committee

The Nomination Committee pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors. The Nomination Committee comprises Mr. Ha Tak Kong, Mr. Lo Wai Ho and Mr. Ip Chi Wai. Mr. Ha Tak Kong is the chairman of the Nomination Committee.

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

During the six months ended 30 June 2024, a total of 126,000 ordinary shares were bought back by the Company during the period at prices ranging from HK\$2.76 to HK\$2.99 per share. Among these shares bought back by the Company, 126,000 shares were settled and cancelled during the period. The consideration paid by the Company for such buy-backs of the shares of approximately HK\$0.4 million was charged to the retained profits.

The shares bought back were cancelled and accordingly the issued share capital of the Company was reduced. The buybacks of the Company's shares during the period were effected by the Directors pursuant to the mandate granted by shareholders at the previous annual general meeting of the Company, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

Except as disclosed above, neither the Company nor any of its subsidiaries has, during the six-month period ended 30 June 2024, purchased, sold or redeemed any listed securities of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the six months ended 30 June 2024, complied with the required standards set out therein.

CHANGES IN ACCOUNTING POLICIES

During the Reporting Period, except as disclosed in Note 3 to the unaudited condensed consolidated financial statements in this interim report, the Company had no other changes in accounting policies, accounting estimates or auditing method, and there was no correction of material accounting errors of previous periods.

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the interests or short positions in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO as defined below) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (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 entered into the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange; were as follows:

Long positions in shares (“Shares”)/underlying Shares of the Company

Name of Directors	Nature of interest	Number of shares directly and beneficially held	Percentage of the Company’s issued share capital
Mr. Lo Wai Ho (Note)	Interest of controlled corporation	101,974,000	65.18%
Mr. Xie Weiquan	Personal interest	360,000	0.23%
Mr. Wu Jiaqi	Personal interest	798,000	0.51%

Note: Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 101,974,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) 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 Part XV of the SFO or to the Model Code of the Listing Rules.

Other Information (Continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares ("Shares")/underlying Shares of the Company

Name of substantial shareholders	Capacity/nature of interest	Number of Shares/ underlying Shares	Approximate percentage of the issued share
Wealthy Rise Investment Limited (Note 1)	Beneficial owner	101,974,000	65.18%
Mr. Lo Wai Ho (Note 1)	Interest in a controlled corporation	101,974,000	65.18%
Ms. Lin Yihong (Note 2)	Interest of spouse	101,974,000	65.18%

Notes:

(1) Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 101,974,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.

(2) Ms. Lin Yihong is the spouse of Mr. Lo Wai Ho. Under the SFO, Ms. Lin Yihong is deemed to be interested in the same number of Shares in which Mr. Lo Wai Ho is interested.

Saved as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our 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 by the Company under Section 336 of the SFO.

By order of the Board
Haosen Fintech Group Limited
Lo Wai Ho
Chairman and Executive Director

Hong Kong, 23 August 2024

As at the date of this report, the Board comprises Mr. Lo Wai Ho as executive Director; Mr. Wu Jiaqi and Ms. Wan Tingting as non-executive Directors; and Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man as independent non-executive Directors.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2024

				Six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)		
Revenue	5	54,816	55,099		
Other income		1,627	1,811		
Employee benefit expenses		(11,953)	(11,444)		
Depreciation		(875)	(1,160)		
Other operating expenses		(6,948)	(5,883)		
Allowance for expected credit losses ("ECL") on loan and account receivables, net		(21,407)	(9,400)		
Finance cost	6	(6,270)	(4,954)		
Profit before income tax	7	8,990	24,069		
Income tax expense	8	(1,296)	(3,733)		
Profit for the period		7,694	20,336		
Profit for the period attributable to:					
Equity holders of the Company		7,694	20,336		
Non-controlling interests		-	-		
		7,694	20,336		
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translating foreign operations		(4,649)	259		
<i>Item that will not be reclassified to profit or loss:</i>					
Exchange differences arising on translation		(745)	-		
Total comprehensive income for the period, net of income tax		2,300	20,595		
Total comprehensive income for the period attributable to:					
Equity holders of the Company		2,300	20,595		
Non-controlling interests		-	-		
		2,300	20,595		
Earnings per share attributable to equity holders of the Company (RMB cents):					
Basic	10	4.92	12.99		
Diluted	10	4.91	12.99		

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2024

Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	590	723
Right-of-use assets	4,487	2,767
Intangible assets	–	–
Other assets	390	386
Loan and account receivables	322,044	392,068
Prepayments, deposits and other receivables	275	269
Deferred tax assets	50,948	51,656
	378,734	447,869
Current assets		
Loan and account receivables	395,917	309,951
Prepayments, deposits and other receivables	507	522
Cash and cash equivalents	15,921	26,340
	412,345	336,813
Current liabilities		
Account payables	874	520
Deposits from financial leasing customers	500	500
Accruals and other payables	17,361	22,835
Amounts due to related parties	10,781	12,153
Lease liabilities	1,381	1,101
Dividend payable	2,706	2,066
Promissory note	4,287	4,186
Bond payable	27,922	18,177
Bank and other borrowings	142,282	142,320
Tax payable	5,812	5,386
	213,906	209,244
Net current assets	198,439	127,569
Total assets less current liabilities	577,173	575,438

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Deposits from financial leasing customers		–	–
Lease liabilities		3,197	1,738
		3,197	1,738
Net assets			
		573,976	573,700
EQUITY			
Share capital	16	1,357	1,358
Reserves		572,619	572,342
Total equity attributable to equity holders of the Company			
		573,976	573,700

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Share capital	Proposed final dividend [#]	Share premium [#]	Share-based payment reserve [#]	Exchange reserve [#]	Other reserve [#]	Statutory surplus reserve [#]	FVOCI reserve [#]	Retained profits [#]	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	1,358	4,269	221,845	980	(2,291)	240,521	54,703	-	52,315	573,700	-	573,700
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	7,694	7,694	-	7,694
Other comprehensive expenses:												
Exchange differences arising on translating foreign operations	-	-	-	-	(5,394)	-	-	-	-	(5,394)	-	(5,394)
Total comprehensive income for the period	-	-	-	-	(5,394)	-	-	-	7,694	2,300	-	2,300
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	2,586	-	-	-	-	-	2,586	-	2,586
Share options lapsed	-	-	-	-	-	-	-	-	-	-	-	-
Forfeiture of share option	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	2,586	-	-	-	-	-	2,586	-	2,586
Final dividend	-	(4,269)	-	-	-	-	-	-	-	(4,269)	-	(4,269)
Share repurchased	(1)	-	-	-	-	(339)	-	-	-	(340)	-	(340)
At 30 June 2024 (unaudited)	1,357	-	221,845	3,566	(7,685)	240,182	54,703	-	60,008	573,976	-	573,976

[#] These reserves accounts comprise the consolidated reserves of approximately RMB572,619,000 (the six months ended 30 June 2023 (unaudited): approximately RMB573,624,000) in the unaudited condensed consolidated statement of financial position.

Unaudited Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2024

	Share capital RMB'000	Proposed final dividend* RMB'000	Share premium* RMB'000	Share-based payment reserve* RMB'000	Exchange reserve* RMB'000	Other reserve* RMB'000	Statutory surplus reserve* RMB'000	FVOCI reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023	1,358	4,154	226,114	3,018	(2,585)	240,521	53,612	-	28,195	554,387	-	554,387
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	20,336	20,336	-	20,336
Other comprehensive expenses:												
Exchange differences arising on translating foreign operations	-	-	-	-	259	-	-	-	-	259	-	259
Fair value loss on financial assets at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	259	-	-	-	20,336	20,595	-	20,595
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	-	-	-	-	-	-	-	-	-
Share options lapsed	-	-	-	-	-	-	-	-	-	-	-	-
Forfeiture of share option	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2023 (unaudited)	1,358	4,154	226,114	3,018	(2,326)	240,521	53,612	-	48,531	574,982	-	574,982

* These reserves accounts comprise the consolidated reserves of approximately RMB573,624,000 (the six months ended 30 June 2022 (unaudited): approximately RMB547,203,000) in the unaudited condensed consolidated statement of financial position.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

		Six months ended 30 June	
	Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash generated from operations		(3,846)	(23,755)
Income tax paid		(200)	(4,289)
Net cash generated from operating activities		(4,046)	(28,044)
Cash flows from investing activities			
Bank interest income		91	179
Disposal or purchase of property, plant and equipment		(25)	–
Refund of deposit for acquisition of investment properties		–	–
Refund from capital reduction of financial assets at FVOCI		–	–
Dividend income received from financial assets at FVOCI		–	–
Net cash generated from investing activities		66	179
Cash flows from financing activities			
Interest paid		(5,319)	(3,943)
Proceeds from bank loans		142,000	100,000
Repayments of bank loans		(142,038)	(100,000)
Advance from/(Repayment to) related parties		(8,587)	3,025
Repayment of lease liabilities (including interest paid)		(796)	–
Proceeds from issuance of shares upon exercise of share options		–	–
Proceeds from issuance of bond		18,438	–
Repay or redemption of bond		(9,199)	–
Advanced from a former director of the Company		6,950	–
Dividend paid		(3,698)	–
Net cash used in financing activities		(2,249)	(918)
Net (decrease)/increase in cash and cash equivalents		(6,229)	(28,783)
Cash and cash equivalents at beginning of the period	13	25,840	49,560
Effect of foreign exchange rate changes		(4,535)	(244)
Cash and cash equivalents at end of the period	13	15,076	20,533

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2024

1. CORPORATE INFORMATION

Haosen Fintech Group Limited, formerly known as Wealthy Way Group Limited, (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015 and its shares have been listed on the Main Board of the Exchange (the “Stock Exchange”) (the “Listing”) by way of placing and public offer of shares (the “Share Offer”) on 21 July 2017. The registered office of the Company changed from P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands to P.O. Box 1350, Regatta Office Park, Windward 3, Grand Cayman KY1-1108, Cayman Islands, effective from 16 December 2020. The Company’s principal place of business is at Room 02, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

Pursuant to a special resolution passed by the shareholders of the Company at the annual general meeting held on 30 June 2023 and the issue of Certificate of Change of Name by the Registrar of Companies of Hong Kong on 19 July 2023, the English name of the Company was changed from “Wealthy Way Group Limited” to “Haosen Fintech Group Limited” and the Chinese name of the Company was changed from “富道集團有限公司” to “浩森金融科技集團有限公司” with effect from 19 July 2023.

The Company is an investment holding company. The principal activities of the Group are (i) provision of financial leasing, factoring and financial advisory services in the People’s Republic of China (the “PRC”); (ii) provision of small loans and related loan facilitation services in the PRC; and (iii) provision of investment management and advisory services, securities dealing and broking services and other financial services in Hong Kong. In the opinion of the directors of the Company, the ultimate holding company of the Group is Wealthy Rise Investment Limited (“Wealthy Rise”), a company incorporated in the British Virgin Island (“BVI”) which is wholly owned by Mr. Lo Wai Ho (“Mr. Lo”).

2. BASIS OF PREPARATION

The condensed consolidated financial statements 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”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing the condensed consolidated financial statements, the significant judgement made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2023.

The condensed consolidated financial statements 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 31 December 2023, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, HKAS and Interpretation issued by the HKICPA.

The condensed consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values. The condensed consolidated financial statements are presented in Renminbi (“RMB”). All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements are unaudited but has been reviewed by the Company’s audit committee.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following new or amendments to HKFRSs effective for the accounting period beginning on or after 1 January 2024:

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

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

4. SEGMENT INFORMATION

HKFRS 8, Operating Segments, required identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the chief operating decision maker (the "CODM") of the Group, being the executive directors of the Company, for the purpose of resources allocation and performance assessment.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- (i) Finance lease and factoring related services – provision of (a) direct finance leasing; (b) sale-leaseback; (c) factoring; and (d) related advisory services in the PRC
- (ii) Micro credit and loan facilitation related services – provision of (a) micro credit; and (b) loan facilitation related services in the PRC
- (iii) Securities dealing and broking and other financial services – provision of securities brokerage, share placing and margin financing and other financial services in Hong Kong

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 June 2024 (Unaudited)	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Revenue				
External income	43	54,378	395	54,816
Segment results	(799)	17,822	(680)	16,343
Unallocated corporate income				-
Unallocated corporate expenses				(7,353)
Profit before income tax				8,990
Income tax expense				(1,296)
				7,694

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2023 (Unaudited)	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Revenue				
External income	964	53,641	494	55,099
Segment results	1,643	25,981	(1,112)	26,512
Unallocated corporate income				–
Unallocated corporate expenses				(2,443)
Profit before income tax				24,069
Income tax expense				(3,733)
				20,336

Segment results represents profit earned by or loss incurred from each segment without allocation of certain other income and certain other operating expenses. This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance. There were no inter-segment sales for the period.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segment:

As at 30 June 2024 (Unaudited)	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Segment assets	13,199	712,812	11,003	737,014
Deferred tax assets				50,948
Unallocated corporate assets				3,117
Consolidated total assets				791,079
Segment liabilities	4,310	157,761	2,035	164,106
Tax payable				5,812
Promissory note				4,287
Bond payable				27,922
Unallocated corporate liabilities				14,976
Consolidated total liabilities				217,103

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2023	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Segment assets	9,588	705,991	14,161	729,740
Deferred tax assets				51,656
Unallocated corporate assets				3,286
Consolidated total assets				784,682
Segment liabilities	3,876	159,884	1,299	165,059
Tax payable				5,386
Promissory note				4,186
Bond payable				18,177
Unallocated corporate liabilities				18,174
Consolidated total liabilities				210,982

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than financial assets at FVOCI, deposits for acquisition of investment properties, deferred tax assets and unallocated corporate assets.
- All liabilities are allocated to operating segments other than contingent consideration payable, promissory note, bond payable, tax payable and unallocated corporate liabilities.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers for the six months ended 30 June		Non-current assets as at	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
The PRC	54,421	54,605	3,233	1,121
Hong Kong	395	494	1,844	2,396
	54,816	55,099	5,077	3,490

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

5. REVENUE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	22	217
– Pre-loan facilitation service income	559	–
<i>Over time[#]</i>		
– Post loan facilitation service income	226	–
	807	217
Revenue from other sources*		
– Interest income from financial leasing	48	964
– Interest income from factoring	–	–
– Interest income from small loans	53,589	53,641
– Interest income from margin financing	229	140
– Interest income from other loans	143	137
	54,009	54,882
Total revenue	54,816	55,099

* Interest income were calculated using the effective interest income according to HKFRS 9. All the interest income disclosed in the above came from financial assets not at fair value through profit or loss ("FVPL").

The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year or less.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

6. FINANCE COST

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on bank and other borrowings	5,319	3,943
Interest on lease liabilities	121	52
Interest on bond payable	830	703
Interest on promissory note	–	256
	6,270	4,954

7. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Auditor's remuneration	943	347
Depreciation charged on:		
– property, plant and equipment	160	339
– right-of-use assets	715	821
	875	1,160
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	7,976	10,027
– Retirement benefit scheme contributions	1,391	1,417
– Equity settled share-based payment	2,586	–
	11,953	11,444
Equity settled share-based payment		
– Employee benefit expenses	2,586	–
Commission paid	2,629	2,038
Operating lease expense	118	342
Bad debts written off/(recovery) of loan and account receivables, net	1,267	(1,380)

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

8. INCOME TAX EXPENSE

		Six months ended 30 June	
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
The charge comprises:			
Current tax for the period			
– PRC Enterprise Income Tax ("EIT")	(c)	804	6,900
– Adjustment from PRC overprovision		(224)	(243)
– Hong Kong profits tax	(d)	–	–
Deferred tax expense/(credit)		716	(2,924)
		1,296	3,733

Notes:

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.
- (b) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) PRC EIT is calculated at 25% (the six months ended 30 June 2023 (unaudited): 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for two subsidiaries of the Company as mentioned below:

In accordance with relevant laws and regulations in the PRC, enterprises established in the Qianhai Shenzhen-Hong Kong Modern Services Industry Cooperation Zone ("Zone") are eligible for a reduced EIT rate of 15%, provided that the enterprise is engaged in projects that fall within the Catalogue for EIT Preferential Treatments. One of the subsidiaries is entitled to the 15% preferential tax rate for the years 2021 to 2025.

Besides, according to the Notice on Implementing the Policy of Inclusive Tax Relief for Small and Micro Enterprises ("SMEs"), released by the Ministry of Finance on January 2021, qualified SMEs with annual taxable income below RMB3 million per year entitled to a preferential EIT rate of 20% on 25% of their income. Such preferential policy is extended to 31 December 2027.

- (d) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2024 (the six months ended 30 June 2023 (unaudited): Nil).

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024 (six months ended 30 June 2023 (unaudited): Nil).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

10. EARNINGS PER SHARE

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	7,694	20,336
Weighted average number of ordinary shares for the purpose of basic earnings per share (in '000)	156,562	156,583
Effect of dilutive potential ordinary shares – share options (in '000)	1,646	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in '000)	158,208	156,583

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2024, the conversion of potential ordinary shares in relation to the share option has a dilutive effect to the basic earnings per share.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

11. LOAN AND ACCOUNT RECEIVABLES

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-current assets			
Financial leasing receivables	(a)	3,051	–
Small loans receivables	(c)	335,246	399,544
		338,297	399,544
Less: Allowance for ECLs		(16,252)	(7,476)
		322,045	392,068
Current assets			
Financial leasing receivables	(a)	26,053	26,192
Small loan receivables	(b)	418,208	355,128
Other loan receivables	(c)	5,584	5,312
Account receivables	(d)	712	5,385
		450,557	392,017
Less: Allowance for ECLs		(54,640)	(82,066)
		395,917	309,951
Total loan and account receivables, net		717,962	702,019

Notes:

(a) Financial leasing receivables

For financial leasing receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The period for financial leasing contract are normally ranging from 8 months to 3 years (31 December 2023: 8 months to 3 years).

The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the finance leases range from 7.93% to 21.1% (31 December 2023: 11.47% to 21.1%) per annum as at 30 June 2024.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

11. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) Financial leasing receivables (Continued)

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Financial leasing receivables comprise of:				
Within one year	26,053	26,192	26,053	26,192
More than one year but not exceeding two years	3,051	–	3,051	–
More than two years but not exceeding three years	–	–	–	–
	29,104	26,192	29,104	26,192
Less: Unearned finance income	–	–	–	–
Present value of minimum lease payments	29,104	26,192	29,104	26,192

Financial leasing receivables are mainly secured by the leased assets which are equipment and machinery used in real estate, manufacturing, construction and hotel. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence.

As at 30 June 2024, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB11,973,642 (31 December 2023: approximately RMB9,186,000).

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Neither overdue nor credit-impaired	3,051	–
Overdue but not credit-impaired		
– overdue within 30 days	–	–
– overdue within 31 to 90 days	–	–
Overdue and credit-impaired	26,053	26,192
	29,104	26,192

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

11. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Small loan receivables

The loan periods granted to each of the customers is generally for a period of 6 months to 8 years (31 December 2023: 1 month to 8 years). The effective interest rate of the above small loans receivables is ranging from 8% to 24% (31 December 2023: 8% to 25.1%) per annum as at 30 June 2024.

As at 30 June 2024, certain loan receivables are mainly secured by (i) real estates such as buildings with fair values of approximately RMB1,306,887,075 (after netting of the amount of first mortgage) (31 December 2023: real estates such as buildings with fair values of approximately RMB1,279,508,000).

The ageing analysis of the Group's small loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
0 to 30 days	30,207	99,165
31 to 90 days	13,057	70,467
91 to 365 days	374,943	185,496
Over 365 days	335,247	399,544
	753,454	754,672

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Neither overdue nor credit-impaired	677,251	669,764
Overdue but not credit-impaired		
– overdue within 30 days	20,555	10,962
– overdue within 31 to 90 days	10,496	10,485
Overdue and credit-impaired	45,152	63,461
	753,454	754,672

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

11. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(c) Other loan receivables

It represented the unsecured loans granted to the customers. The loan periods granted to each of customers is generally for a period of 1 year (31 December 2023: 1 year). The effective interest rate of the above other loan receivables is 6% (31 December 2023: 6%) per annum as at 30 June 2024.

The ageing analysis of the Group's other loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
91 to 365 days	5,584	5,312

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

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Neither overdue nor credit-impaired	5,584	5,312

(d) Account receivables

Balances comprise receivables in respect of securities dealing and broking services and loan facilitation services, represented as follows:

	Notes	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Account receivables from securities dealing and broking services:	i		
– Hong Kong Securities Clearing Company Limited ("HKSCC")		78	22
– Cash clients		–	–
– Margin clients		634	5,363
		712	5,385
Total account receivables, net		712	5,385

Notes:

- i. Account receivables from cash clients and securities clearing houses arising from securities dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of said account receivables are, in general, two days after trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

No ageing analysis by invoice date is disclosed for account receivables from securities dealing business as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the business nature.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

12. DUE FROM/(TO) RELATED PARTIES

The amounts due were non-trade in nature, unsecured, interest free and repayable on demand.

The maximum outstanding amounts due to related companies were shown as follow:

Name of related companies	Maximum outstanding during the period RMB'000	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Shenzhen Hengfeng Real Estate Co., Ltd	538	538	474
Directors	10,243	10,243	11,679

13. CASH AND CASH EQUIVALENTS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Bank balances and cash		
– segregated accounts (Note (i))	845	500
– general accounts and cash	15,076	25,840
Total bank balances and cash (Note (ii))	15,921	26,340
Less: Clients' monies in segregated account (Note (i))	845	500
	15,076	25,840

Notes:

- (i) From the Group's ordinary business in provision of securities dealing services, the Group receives and holds money deposited by the clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding accounts payables (Note 1.5) to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is only allowed to retain some or all of the interest derived from the clients' monies but not allowed to use the clients' monies to settle its own obligations.

The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance ("HKSF"). However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

- (ii) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

14. ACCOUNT PAYABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
HKSCC	200	20
Cash clients	160	248
Margin clients	514	252
	874	520

Account payables arising from securities dealing business are interest-free and repayable on the settlement day of the relevant trades.

The normal settlement terms of account payables to cash clients and securities clearing house are two days after trade date.

Account payables to HKSCC, margin clients and cash clients are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

15. BANK AND OTHER BORROWINGS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Bank borrowings – secured*:		
Within one year	142,282	142,320

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

As at 30 June 2024, the Group had two (31 December 2023: two) bank borrowing with principal amount of approximately RMB142,282,000 (31 December 2023: RMB142,320,000).

As at 30 June 2024, the Group had one bank borrowings with principal amount of approximately RMB100,000,000, the borrowing carried variable interest rates at the loan prime rate ("LPR") offered by the People's Bank of China (the "PBOC") +4.05% (31 December 2023: same) and the effective interest rate was 7.5% (31 December 2023: 7.64%) per annum. The bank borrowing was secured by charges over one properties with fair value of approximately RMB79,278,000 (31 December 2023: RMB79,278,000) (which are jointly owned by Mr. Lo and his spouse), one property with fair value of approximately RMB31,891,000 (31 December 2023: RMB31,891,000) (which is owned by Mr. Lu Qing Ming, nephew of Mr. Lo) and jointly guaranteed by a related company, which Mr. Lu Nuan-Pei, Mr. Lo's sibling is the controlling shareholder and Mr. Lu Nuan-Pei, with an aggregate amount up to RMB100,000,000 (31 December 2023: RMB100,000,000).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

15. BANK AND OTHER BORROWINGS (Continued)

As at 30 June 2024, the Group had another bank borrowings with principal amount of approximately RMB42,000,000 (31 December 2023: RMB42,000,000) and repayable in September 2024 (31 December 2023: same). As at 30 June 2024, the borrowing carried a variable interest rate at LPR offered by PBOC +2.45% (31 December 2023: same) and the effective interest rates was 5.98% (31 December 2023: same) per annum. The borrowing was secured by charges over one property with fair value of approximately RMB53,583,000,000 (31 December 2023: same) (which is owned by Mr. Lo's spouse) and jointly guaranteed by, an indirectly wholly-owned subsidiary of the Company, Shenzhen Wealthy Way Investment Holdings Company Limited and Mr. Lo.

The bank borrowings with carrying amount of approximately RMB142,282,000 (31 December 2023: RMB142,320,000) are subject to the fulfilment of covenants. The Group regularly monitors its compliance with these covenants. As at 30 June 2024, none of these covenants had been breached (31 December 2023: same).

16. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares	Amount HK\$'000
Ordinary Shares of HK\$0.01 of each		
Authorised:		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	20,000,000,000	200,000
	Number of ordinary shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2024	156,583,000	1,358
Cancellation of issued share*	(126,000)	(1)
At 30 June 2024	156,457,000	1,357

* During the six months ended 30 June 2024, a total of 126,000 ordinary shares were bought back by the Company during the period at prices ranging from HK\$2.76 to HK\$2.99 per share. Among these shares bought back by the Company, 126,000 shares were settled and cancelled during the period.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

17. RELATED PARTY TRANSACTIONS

Save as disclosed in these condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

(a) Transactions with related parties

Six months ended 30 June			
	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on lease liabilities paid to a related company	(i), (ii)	27	318
Payment of lease liabilities in relation to leases with a related company	(i), (ii)	369	284
Building management costs, utilities and maintenance costs paid to an associated company	(i)	375	90
Hospitality expense for functions in the hotel paid to a related company	(i)	26	87

Notes:

- (i) Mr. Lu Nuan-Pei, brother of Mr. Lu, is the controlling party of the affiliated company.
- (ii) The Group entered into certain leases in respect of properties leased to the Group by an associate. The amount of rent payable by the Group under these leases is approximately RMB64,600 per month (2023: RMB64,600) and the lease term will expire in three to four years. Details of the lease liabilities payable by the Group to a related company are set out in note 15(b).

The Directors of the Company consider that the transactions between the Group and the above related parties as set out above were carried out in the ordinary and normal course of business.

All of the above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. Pursuant to Rule 14A.33 of the Listing Rules, the above transaction is exempt from the reporting, annual review, announcement and independent shareholder approval requirements.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2024

17. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the members of the board of directors and senior management of the Company. Key management personnel remuneration during the reporting period are as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Directors' fees	642	982
Salaries, allowances and benefits in kind	799	306
Retirement benefit scheme contributions	68	33
Equity-settled share-based payment	2,586	–
	4,095	1,321