



INTERIM |
REPORT |
2024

MESSAGE FROM THE CHAIRMAN

The board (the “Board”) of directors (the “Directors”) of HC Group Inc. (the “Company”) hereby announces the unaudited financial results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2024 (the “Period”).

Financial Highlights

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue		
– continuing operations	5,904,709	8,845,839
– discontinued operation	11,740	60,481
Adjusted net loss*	(720)	(8,440)
Adjusted EBITDA*	10,708	34,204
Loss attributable to equity holders		
– continuing operations	(55,298)	(696,797)
– discontinued operation	(7,899)	(113,503)
Diluted loss per share (RMB)		
– continuing operations	(0.0422)	(0.5319)
– discontinued operation	(0.0060)	(0.0867)

Key financial figures for the Period

- **Total revenue and income from continuing operations** was approximately **RMB5,904.7 million**, decreased by approximately RMB2,941.1 million, or approximately 33.2%, when compared to approximately RMB8,845.8 million recorded for the first half of 2023.
- **Adjusted net loss*** was approximately **RMB0.7 million**, compared to approximately RMB8.4 million in the first half of 2023.
- **Adjusted EBITDA*** was approximately **RMB10.7 million**, compared to approximately RMB34.2 million in the first half year of 2023.
- **Loss attributable to equity holders of the Company from continuing operations** was approximately RMB55.3 million, compared to approximately **RMB696.8 million** for the first half of 2023.
- **Diluted loss per share from continuing operations** was **RMB0.0422**, when compared to RMB0.5319 for the first half of 2023, on a period-on-period basis.

* The adjusted net loss and adjusted EBITDA are non-HKFRS financial measures. For details, please refer to page 63 in this report.

FINANCIAL REVIEW

Revenue	Technology-driven new retail RMB'000	Smart industries RMB'000	Subtotal RMB'000	Discontinued operations RMB'000	Total RMB'000
First half of 2024	125,594	5,779,115	5,904,709	11,740	5,916,449
First half of 2023	1,037,377	7,808,462	8,845,839	60,481	8,906,320
Variance	-87.9%	-26.0%	-33.2%	-80.6%	-33.6%

During the Period, the Group generated a total revenue of approximately RMB5,916.4 million (first half of 2023: approximately RMB8,906.3 million), representing a decline of approximately 33.6% as compared to that in the corresponding period in 2023. The decrease was mainly attributable to the decline in revenue generated by Union Cotton in the smart industries segment to approximately RMB5,698 million (first half of 2023: approximately RMB7,068 million). During the Period, Union Cotton scaled down its self-operated sales as a measure to reduce its risks from price fluctuations in response to the weakened demand from downstream textile enterprises and changes in government subsidy policies.

During the Period, operating expenses decreased from approximately RMB217.6 million in the first half of 2023 to approximately RMB207.7 million, which was mainly due to the decreased amortization of intangible assets and staff cost.

Loss from discontinued operations was mainly resulted from the finance services business under the platform and corporate services segment, such business was agreed to be disposed of in November 2023 through the disposal of Beijing Huicong Hulian Information Technology Co., Ltd. ("Huicong Hulian"). The disposal completed in February 2024, and the Group no longer holds any equity interests in Huicong Hulian afterwards.

Loss attributable to equity holders of the Company was approximately RMB63.2 million for the Period which was mainly attributable to the share of post-tax losses from associates (of approximately RMB34.1 million) in the Period. In the first half of 2023, the Group recorded a loss attributable to equity holders of the Company of approximately RMB810.3 million, with one of the key contributing factors being the goodwill impairment of approximately RMB719.4 million with respect to ZOL in the technology-driven new retail segment (more information in this relation is set out in Note 13 to the condensed consolidated financial statement in this report, and the Company's 2023 Annual Report).

BUSINESS REVIEW

During the Period, the Group has continued to work on its vision of becoming a leading group for “Industrial Internet” in China by leveraging internet thinking, instruments and methods to ramp up industrial efficiency, empower supply chains and industrial chains, and establish a win-win ecosystem to serve customers.

In the Period, revenue of the Group was mainly generated from two business segments, namely, the technology-driven new retail segment (contributing approximately 2.13% of the Group’s revenue), and the smart industries segment (contributing approximately 97.87% of the Group’s revenue).

Technology-Driven New Retail Segment

The technology-driven new retail segment mainly generates its revenue through the operation of the ZOL website (zol.com.cn, “ZOL”), which provides online advertising and marketing services for 3C and living technology products in Chinese Mainland.

The decline in the overall scale of the 3C product advertising and marketing industry, the global economic trend of contraction and the impact of the rapid application of AI (Artificial Intelligence) technology on the traditional content production and dissemination have affected the business of ZOL. There has been a substantial decline in the number of customers over the past few years as customers have tightened their business scope and divested themselves of non-core businesses. Customers’ investment and budget on advertising and marketing activities have also significantly reduced. In addition, under the influence of the mobile internet trend, 3C and living technology products users have become more reliant on content from self-media platforms, and are becoming more cautious on content produced by professional/institutional creators. While ZOL has adopted various means such as expanding the content of its video platform, one-stop online and offline custody, and multi-platform cross-border cooperation among opinion leaders, its result performance in the first half of the year still fell short of expectations.

ZOL will continue to focus on improving the following areas:

- Enhance core capabilities: accelerate the construction of AIGC, improve AI-assisted creation capabilities, produce high-quality content quickly, accurately and efficiently to meet user needs and maintain the vitality of the platform; establish ZOL’s own platform matrix and introduce users and opinion leaders to the platform based on the original PGC content, so as to form a platform structure that combines users’ self-produced content and the platform’s professional content; innovate APP monetisation mode, and innovate various APP commercial functions to realize a new mode that facilitates the use of users and meets the advertising and promotion needs of cooperative customers.

- Enhance marketing capabilities: online and offline integrated communication services, professional planning services for dedicated customers, online and offline integrated comprehensive communication, to help customers to complete the communication work in various areas from different perspectives using a single program; establish its own industry opinion leaders and professional user resource database, to rapidly respond to customer demand for multi-platform integrated communication, and formulate a personalized communication plan that is more suitable for the characteristics of the customer's products with the in-depth research of ZOL professionals on products; with multi-platform cooperation and integrated communication, ZOL can refine its operation on all platforms and deeply communicate with the different platforms officials of different attributes, such as social, sharing, and e-commerce, to formulate a differentiated and customized full-chain marketing solution for the customers, as well as one-stop services.
- Enhance content: expand the automotive field, intelligent vehicles, especially new energy vehicles, are increasingly related to electronic technology products. Based on the in-depth understanding of electronic technology products, ZOL interprets the technological attributes of intelligent vehicles from a professional perspective to expand brand-new possibilities; construct content across multiple fields and angles, integrate user profile analysis, expand the content of hot interests in multiple domains, enhance user stickiness, and expand the interest group; enhance comprehensive content organization capabilities, integrate different types of creators to provide customers with comprehensive communication solutions on a planned scale, maximizing technical expertise and producing high-quality content more efficiently, with an innovative planning team composed of a professional evaluation and editing team.

Huimaimai platform business ("Huimaimai"), which serves small b, has been growing steadily. During the first half of the year, Huimaimai promoted its strategy of sinking into the market, relying on its S2B2C business model to effectively integrate urban and rural resources amidst the slowing down of domestic economic growth. By strengthening the empowerment of the upstream supply chain and downstream husband-and-wife retail stores, it further enhanced the operational resilience, consolidated the market competitiveness and optimized the operational efficiency and effectiveness. Huimaimai further deepened the cooperation with leading brands, and expanded the authorized cooperation with other well-known brands to customize and develop products that better meet the needs of consumers in the sinking market, and the supply chain capability was enhanced. In terms of intelligence, the Company's independently deployed AI big model service capability provided strong sales and operation support for member retail stores, realizing application and effectiveness in multiple scenarios. By focusing on sales support and service innovation for member retail stores, the Company independently researched and developed after-sales and store management tools to respond to diversified customer needs. These initiatives helped optimize the profit structure and enhance profitability.

Smart Industries Segment

With “Focus” and “Significant verticality” as its operating strategies, the smart industries segment mainly comprises: (i) “Shanghai Huijing”, a cross-sector supply chain integrated service platform; (ii) PanPass, an Internet of Things (“IoT”) solutions provider for digital transformation; (iii) Union Cotton, a spot trading platform for cotton; and (iv) “ibuychem”, a centralised purchasing and integrated e-business service provider for chemicals and plastics.

Shanghai Huijing E-business Co., Limited (“Shanghai Huijing”) is the Group’s wholly-owned cross-sector supply chain integrated services platform, which provides comprehensive supply chain integrated services by leveraging on the Group’s years of experience in various industry segments and penetrating into various segments of the supply chain.

Beijing PanPass Information Technology Co., Ltd. (“PanPass”) (NEEQ stock code: 430073) is committed to becoming a leading provider of digital identity technology and solution services in China. PanPass focuses on the research and development of product digital identity management technology, and provides IoT identification products, SaaS software products and industry digital solutions based on this technology. Based on the “unique identification code (ID)” (commonly known as “one product, one code” in the industry) of products, it enables brand enterprises to achieve digital transformation, which is a closed-loop and converging whole cycle, chains and scenarios from M (materials), F (manufacturing), W (warehouse), B (distributor), b (store) to C (consumer). This has improved the operational efficiency of enterprises and promoted the renewal and iteration of the business model.

PanPass’s business scope has evolved from brand protection and quality traceability solutions to provide digital management services featuring full industry chain traceability, agile supply chain, precise channel control, digital marketing, big data anti-counterfeiting, data insights and decision-making by using “barcode, QR code, RFID” and other tags as carriers and integrating IoT, big data, cloud computing, AI, blockchain and other cutting-edge technologies, facilitating enterprises in achieving full chain digitalisation, industrial transformation and upgrading, and business model innovation. Specifically, its business involves “food and beverage, pet supplies, cosmetics, agricultural materials, book publishing, energy auto parts, medicine and healthcare, 3C electronics, maternal and child products, industrial products” and other industries, with rich and high-quality customer resources. PanPass attaches great importance to research and development, technology and products, by constantly increasing investment, and actively promoting scientific and technological innovation to enhance its core productivity. In the first half of the year, PanPass obtained 4 patents, including 2 invention patents, 2 utility model patents, and 13 software copyrights. PanPass realised operating income of approximately RMB69.35 million in the first half of the year, representing an increase of approximately 13.15% as compared to the corresponding period last year, and net profit of approximately RMB10.08 million, representing an increase of approximately 21.12% as compared to the corresponding period last year.

As one of the components of the smart industries segment of the Group, Union Cotton materialises its development vision of constructing a “leading global digital supply chain services platform for the textile industry” with Internet and AI technologies, IoT application concepts, and big data algorithms. Through harnessing internet technology and big data, Union Cotton can provide both upstream and downstream customers in the industrial chain with digital supply chain management and supporting services such as trading, settlement, storage, logistics, textile supply chain e-assistant, and industrial internet technology, with a view to improving the synergy of the supply chain of the cotton textile industry and creating a digital industrial internet trading platform for textile manufacturing.

In the first half of 2024, Union Cotton has continued with its overall business strategy for 2023 and continued to adhere to its digitalised and platform-based supply chain service philosophy of “transaction + comprehensive services”, which is centred around the three major pillars of “resources, products, services”. During the Period, with the upstream in the domestic cotton textile industry having ample stock and the customarily rise in supply at the beginning of a year, purchase orders from downstream remained flat. In addition, the insufficient domestic demand across the cotton textile industry, coupled with sharp decline in export orders, led to generally higher level cotton yarn inventories at textile enterprises and traders in the PRC, which in turn, resulted in a low rate of operation in the industry, and poor liquidity. Thus, profitability has been unfavourably impacted across the industry under the serious involution, and market participants became more cautious in stocking raw materials. In response to these external environmental factors and changes in government subsidy policies, Union Cotton scaled down self-operated sales in the first half of the year in order to reduce the risk of price fluctuations, resulting in a decrease of approximately 19.4% in total revenue for the Period, when compared to that of Union Cotton for the first half of 2023.

“ibuychem” is the Group’s platform in provision of centralised purchasing and integrated e-business service for upstream and downstream of chemicals materials (such as chemical, plastics and coating). Through the new materials database — YouLiaoKu and the digital marketing tool — Smart Store, the Group is constructing a multidimensional digital “Trade + Supply Chain Service” new materials marketplace, as well as the professional media information platform — Huizheng Information’s integrated media system, and the “ibuychem” Research Institute market index decision system among other value added services to empower business development.

Prospects

Despite facing many challenges, the Group remains optimistic about capturing opportunities. In recent years, the Group has been reviewing its portfolios and development strategy and making adjustment to its business, operating and costs structure. To create sustainable business and growth in shareholder value in the long term, the Group is progressively enhancing its operation and corporate structure, and shifting to a more focused approach in terms of use of resources. As part of these steps, the Group strives to prioritize our core business components, including ZOL, PanPass and Union Cotton with a balance over costs and risks associated with its operations, and to reduce our indebtedness level in the short to medium term.

On behalf of the Board, I would like to thank our management and staff for their dedication and hard work.

Liu Jun

Chairman and Chief Executive Officer

Hong Kong, 23 August 2024

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 30 June 2024, the Group had cash and bank balance of approximately RMB229.4 million (31 December 2023: RMB365.7 million), which were mainly denominated in Renminbi (“RMB”), and net current assets of approximately RMB322.7 million (31 December 2023: RMB742.7 million). The Group maintained a stable working capital position during the Period.

As at 30 June 2024, the Group had a total borrowings of approximately RMB447.8 million (as at 31 December 2023: RMB406.5 million), of which approximately (i) RMB161.3 million (31 December 2023: RMB150.9 million) were bank borrowings; and (ii) RMB286.5 million (31 December 2023: RMB255.6 million) were other borrowings. The Group’s borrowings were mainly denominated in RMB. The bank borrowings bear average interest rate of 3.57% per annum (31 December 2023: 4.15% per annum), with maturity ranging from 2024 to 2025.

Other borrowings with a total principal amount of RMB230.0 million (31 December 2023: RMB230.0 million) were provided by an independent third party with maturity dates in December 2024. These borrowings are interest-free and secured by certain equity shares of a subsidiary. The remaining other borrowings are provided by independent third parties, director of a subsidiary, a non-controlling shareholder of a subsidiary and bear interest rate ranging from 5.50% to 8.00% per annum (31 December 2023: 6.00% to 8.00% per annum). As at 30 June 2024, the Group’s gearing ratio is 10%, which is calculated as net debt divided by total capital.

The Group’s deposits, prepayment and other receivables rose from approximately RMB770.2 million as of 31 December 2023 to approximately RMB1,112.3 million as of 30 June 2024, mainly attributable to the increase in prepayment to suppliers for the Group’s B2B trading platform business, in particular, the prepayment for major household electronic appliance in the ordinary and usual trading business. With the high competitive intensity in the market, the Group expended the varieties of products it could offered. To secure better sources of goods at more advantageous pricing and in light of the estimated sales volume for the second half of 2024, the Group increased its stock. Prepayment to upstream suppliers in line with general industry practices increased.

The capital and reserves attributable to equity holders of the Company decreased by approximately RMB71.4 million from approximately RMB560.4 million as at 31 December 2023 to approximately RMB489.0 million as at 30 June 2024.

Treasury policy

To manage liquidity risk, the Board closely monitors the Group’s liquidity position to ensure that the liquidity structure of the Group’s assets, liabilities and other commitments can meet its funding requirements from time to time. During the Period, the Group had conservative treasury policies in terms of cash and financial management. The Group did not use any financial instruments for hedging purposes during the Period.

Significant investments and future plans for material investments

The Group did not hold any significant investments and did not conduct any material acquisitions and disposal of subsidiaries, associates or joint ventures (other than those disclosed in this report) during the Period.

Save as disclosed in this report, the Group had no future plans for material investments which have been authorised by the Board as of the end of the Period and the date of this report.

Staff

The Group relies on the skills, motivation and commitment of its staff. As at 30 June 2024, the Group had 756 employees.

Remuneration of employees is generally in line with the market trend and commensurate with the rate in the industry. The Group also provides incentives through bonuses and share incentives under the Company's share schemes based on individual performance. Other benefits to the Group's employees include medical insurance, retirement schemes, training programs and educational subsidies. Total staff costs including director's emoluments from continuing operations for the Period amounted to approximately RMB80.3 million.

Capital structure

The total number of issued ordinary shares ("Shares") of the Company was 1,309,931,119 as at 30 June 2024.

As of 30 June 2024, 54,485,706 options under the share option schemes (if exercised, 54,485,706 Shares may be issued) remained outstanding.

Charges on Group assets

As at 30 June 2024, the Group's bank borrowings amounting to RMB8,000,000 (31 December 2023: Nil) are secured by a property.

As at 30 June 2024 and 31 December 2023, the other borrowing with a total principal amount of RMB230,000,000 were provided by an independent third party with maturity on 31 December 2024. This other borrowing is interest-free and secured by certain equity shares of a subsidiary.

The other borrowings with a principal amount of RMB9,273,000 (31 December 2023: Nil) are provided by an independent third party. These other borrowings are unguaranteed and secured by prepayment of cotton.

Exchange risk

The Group's operations are principally in the Chinese Mainland, and majority of the Group's assets and liabilities are denominated in RMB. The Company believes that the Group's current operations are not subject to significant exchange risk.

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2024.

DIVIDEND

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

OTHER IMPORTANT EVENTS

Disposal of Huicong Hulian

The Group disposed of its 100% equity interests in Huicong Hulian pursuant to an equity transfer agreement dated 28 November 2023 entered into among Beijing Huicong Zaichuang Technology Co., Ltd. (a member of the Group, as the transferor), Beijing Zhongli Jinyuan Technology Co., Ltd. (as the purchaser), Huicong Hulian (as the target company) and Beijing Huajianyu Trading Co., Ltd. (as the guarantor of the purchaser) at a cash consideration of RMB5 million. The disposal constituted a major transaction of the Company under Chapter 14 of the Listing Rules, and was approved by the shareholders at the extraordinary general meeting held on 23 February 2024. With the completion of the disposal in February 2024, the Group has substantively ceased its engagement in the financing services business (including its investment in commercial bank). See the Company's circular dated 30 January 2024 for more information.

Proposed Listing of PanPass on Beijing Stock Exchange

PanPass' listing application is currently under review of the Beijing Stock Exchange. It is proposed that PanPass will issue new shares by way of an initial public offering to unspecified qualified investors (or other methods requested or agreed by the relevant PRC authorities), subject to approvals by relevant PRC regulators. The share allotment by PanPass, if materialises, will constitute a major transaction of the Company. The proposal has been approved by the shareholders of the Company. The proposal is subject to, among other things, approvals from relevant authorities and market conditions, and its terms have not been fixed. The Company will publish further announcement(s) as and when appropriate. See also the Company's circular dated 28 April 2023, and its announcements dated 17, 18, 22 and 30 May 2023, 5 September 2023 and 24 November 2023, respectively, for more information.

Disposal of Tianjin Guokai

Reference is made to the Company's 2023 Annual Report with respect to disposal of and dispute regarding Tianjin Guokai. As disclosed, as the purchaser failed to pay the final instalment of the acquisition price of RMB75.5 million, the Group has filed an arbitration claim with the Beijing Arbitration Commission in 2023 demanding payment. The Group, taking into account the advice of its legal advisers, believes that the Beijing Arbitration Commission is likely to rule in favour of the Group in respect of such claim. See also the Company's 2023 Annual Report.

Changes in corporate positions and other corporate change

With effect from 20 March 2024, Mr. Sun Yang resigned as a non-executive Director due to adjustments in his other work arrangements. More information about Mr. Sun's resignation, his view on the disposal of Huicong Hulian and the Company's considerations on the same were included in the Company's circular dated 30 January 2024 and the announcement dated 20 March 2024.

With effect from 26 March 2024, Mr. Xing Jingfeng was appointed as a non-executive Director. Mr. Xing obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and confirmed he understood his obligations as a director on 20 March 2024. See the Company's announcement dated 26 March 2024.

With effect from 27 May 2024, the Company's head office and principal place of business in the PRC has been changed to Unit 302, 3rd Floor, Beiyuan, Yuanyang Xingfan Plaza, Building 1, No. 28 Beiyuan Road, Chaoyang District, Beijing 10017, the PRC.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Notes	Unaudited six months ended 30 June	
		2024 RMB'000	2023 RMB'000 (Represented)
Continuing operations			
Revenue	6	5,904,709	8,845,839
Cost of revenue	7	(5,712,051)	(8,643,844)
		192,658	201,995
Other income		14,384	7,243
Other gains, net		(3,320)	40,282
Selling and marketing expenses	7	(119,097)	(127,091)
Administrative expenses	7	(88,665)	(90,587)
Impairment of goodwill	13	–	(719,426)
Provision for impairment losses of financial assets	7	(9,515)	(4,595)
		(13,555)	(692,179)
Operating loss		(13,555)	(692,179)
Finance cost, net	8	(1,376)	230
Share of post-tax losses of associates	17	(34,072)	(524)
		(49,003)	(692,473)
Loss before income tax	7	(49,003)	(692,473)
Income tax (expense)/credit	9	(346)	4,322
		(49,349)	(688,151)
Loss from continuing operations		(49,349)	(688,151)
Loss from discontinued operations	10	(15,086)	(155,440)
		(64,435)	(843,591)
Loss for the period		(64,435)	(843,591)
Other comprehensive income/(loss):			
Item that may be reclassified to profit or loss			
Currency translation differences		596	(129)
Items that will not be reclassified to profit or loss			
Fair value loss on financial assets at fair value through other comprehensive income			
– Group		(1,743)	(68,886)
Currency translation differences for financial assets at fair value through other comprehensive income		141	889
		(65,441)	(911,717)
Total comprehensive loss for the period, net of tax		(65,441)	(911,717)

		Unaudited six months ended 30 June	
	Notes	2024 RMB'000	2023 RMB'000 (Represented)
Loss for the period attributable to:			
Equity holders of the Company		(63,197)	(810,300)
Non-controlling interests		(1,238)	(33,291)
		(64,435)	(843,591)
Loss for the period attributable to the equity holders of the Company arises from:			
Continuing operations		(55,298)	(696,797)
Discontinued operations		(7,899)	(113,503)
		(63,197)	(810,300)
Total comprehensive loss attributable to:			
Equity holders of the Company		(64,203)	(878,426)
Non-controlling interests		(1,238)	(33,291)
		(65,441)	(911,717)
Total comprehensive loss attributable to equity holders of the Company arises from:			
Continuing operations		(56,304)	(764,923)
Discontinued operations		(7,899)	(113,503)
		(64,203)	(878,426)
Loss per share for loss from continuing operations attributable to the equity holders of the Company (expressed in RMB per share)			
Basic loss per share	11	(0.0422)	(0.5319)
Diluted loss per share	11	(0.0422)	(0.5319)
Loss per share from loss attributable to the equity holders of the Company (expressed in RMB per share)			
Basic loss per share	11	(0.0482)	(0.6186)
Diluted loss per share	11	(0.0482)	(0.6186)

The above unaudited condensed consolidated interim statement of comprehensive income should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	20,088	20,045
Right-of-use assets		12,841	4,247
Investment property	13	23,104	23,685
Intangible assets	13	98,803	91,522
Deferred income tax assets		4,058	3,969
Investments accounted for using equity method	17	299,878	262,705
Financial assets at fair value through other comprehensive income	20	18,154	21,546
Financial assets at fair value through profit or loss	20	–	3,426
Long term deposits and prepayments	14	1,722	13,225
Total non-current assets		478,648	444,370
Current assets			
Inventories		119,848	123,919
Contract assets	14	16,573	2,687
Trade receivables	14	116,344	107,610
Deposits, prepayments and other receivables	14	1,112,343	770,198
Financial assets at fair value through profit or loss	20	20,143	–
Loans and interest receivables	15	4,227	53,203
Restricted bank deposit	16	319,429	234,868
Cash and cash equivalents		229,440	365,682
Assets classified as held for sale	10	1,938,347	1,658,167
		–	974,508
Total current assets		1,938,347	2,632,675
Total assets		2,416,995	3,077,045
Equity			
Equity attributable to equity holders of the Company			
Share capital	24	120,977	120,977
Other reserves		3,272,851	3,147,855
Accumulated losses		(2,904,839)	(2,708,422)
Non-controlling interests		488,989	560,410
		303,903	624,866
Total equity		792,892	1,185,276

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		7,379	537
Deferred income tax liabilities		1,075	1,253
Total non-current liabilities		8,454	1,790
Current liabilities			
Trade payables and bill payables	22	376,895	292,924
Accrued expenses and other payables	22	138,192	139,198
Contract liabilities	21	456,358	298,733
Bank borrowings	23	161,324	150,852
Other borrowings	23	286,507	255,621
Lease liabilities		5,881	4,075
Income tax payables		17,630	20,400
Other financial liabilities	19	172,862	165,644
Liabilities directly associated with assets classified as held for sale	10	1,615,649	1,327,447
		-	562,532
Total current liabilities		1,615,649	1,889,979
Total liabilities		1,624,103	1,891,769
Total equity and liabilities		2,416,995	3,077,045

The above unaudited condensed consolidated interim statement of financial position should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to equity holders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024	120,977	3,147,855	(2,708,422)	560,410	624,866	1,185,276
Loss for the period	-	-	(63,197)	(63,197)	(1,238)	(64,435)
Other comprehensive (losses)/income:						
Fair value gain on financial assets at fair value through other comprehensive income, net of deferred tax	-	(1,743)	-	(1,743)	-	(1,743)
Currency translation differences	-	737	-	737	-	737
Total comprehensive loss	-	(1,006)	(63,197)	(64,203)	(1,238)	(65,441)
Changes in other financial liabilities in respect of non-controlling interests	-	(7,218)	-	(7,218)	-	(7,218)
Transactions with owners						
Non-controlling interest on disposal of subsidiary	-	133,220	(133,220)	-	(319,725)	(319,725)
Balance at 30 June 2024	120,977	3,272,851	(2,904,839)	488,989	303,903	792,892

	Attributable to equity holders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023	120,977	3,345,393	(857,252)	2,609,118	669,511	3,278,629
Loss for the period	-	-	(810,300)	(810,300)	(33,291)	(843,591)
Other comprehensive (losses)/income:						
Fair value gain on financial assets at fair value through other comprehensive income, net of deferred tax	-	(68,886)	-	(68,886)	-	(68,886)
Currency translation differences	-	760	-	760	-	760
Total comprehensive loss	-	(68,126)	(810,300)	(878,426)	(33,291)	(911,717)
Derecognition of financial assets at fair value through other comprehensive income	-	2,636	(2,636)	-	-	-
Transactions with owners						
Non-controlling interest on disposal of subsidiary	-	-	-	-	(1,329)	(1,329)
Dividend paid to non-controlling interests of a subsidiary	-	-	-	-	(7,595)	(7,595)
Balance at 30 June 2023	120,977	3,279,903	(1,670,188)	1,730,692	627,296	2,357,988

The above unaudited condensed consolidated interim statement of changes in equity should be read in conjunction with the accompanying notes.

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Cash flows from operating activities		
Cash (used in)/generated from operations	(50,814)	162,058
Interest received	4,927	5,070
Interest paid	(11,065)	(24,771)
The People's Republic of China income tax paid	(3,161)	(1,702)
Net cash (used in)/ generated from operating activities	(60,113)	140,655
Cash flows from investing activities		
Net proceeds from disposal of other subsidiary	106	5,276
Additions of property, plant and equipment	(778)	(420)
Purchase of financial assets at fair value through profit and loss	(20,000)	–
Proceeds from disposal of property, plant and equipment	–	385
Proceeds from disposals of financial assets at fair value through profit and loss	1,545	5,000
Proceeds from disposal of financial assets at fair value through other comprehensive income	–	17,927
Proceeds from disposal of Huicong Hulian Group, net of cash disposed (note 18)	(10,391)	–
Loans repayment received from employees	–	200
Loans repayment received from a former associate	–	45,729
Dividends received	630	670
Net cash (used in) generated from investing activities	(28,888)	74,767
Cash flows from financing activities		
Proceeds from bank borrowings	122,350	627,809
Proceeds from other borrowings	165,473	104,803
Repayment of bank borrowings	(111,931)	(666,809)
Repayment of other borrowings	(134,798)	(274,003)
Principal elements of lease payments	(4,393)	(5,990)
Dividend paid to non-controlling interests of subsidiaries	–	(7,595)
Change in restricted bank deposit	(84,561)	(142,625)
Change in bill payable	–	110,640
Net cash used in financing activities	(47,860)	(253,770)
Net decrease in cash and cash equivalents	(136,861)	(38,348)
Cash and cash equivalents at beginning of the period	365,682	312,023
Exchange gain on cash and cash equivalents	619	217
Cash and cash equivalents at end of the period	229,440	273,892

The above unaudited condensed consolidated interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

HC Group Inc. (the “Company”) is a limited liability company incorporated in the Cayman Islands. The address of its registered office is 4th Floor, One Capital Place, P.O. Box 847, George Town, Grand Cayman, Cayman Islands. The Company has its primary listing on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in the following activities in the People’s Republic of China (“PRC”):

- Trading of goods through its B2B trading platforms, including “www.unioncotton.com” (“Union Cotton”) and “www.ibuychem.com” (“ibuychem”);
- Provision of advertising and marketing services through its website “www.zol.com.cn” (“ZOL”);
- Sales and provision of anti-counterfeiting products and digital identity technology and solution services through PanPass; and
- Hosting marketing events, exhibitions and seminars.

Note:

On 28 November 2023, the Group announced that it agreed to sell its equity interests in Beijing Huicong Hulian Information Technology Co., Ltd. (北京慧聰互聯信息技術有限公司) (“Huicong Hulian”), its 100% owned subsidiary mainly operated in financial related business and held the Group’s investment in commercial bank and financial sector in the Mainland China, to an independent third party. The transaction was subsequently completed on 27 February 2024 (“Completion Date”) and Huicong Hulian ceased to be a subsidiary of the Group thereafter.

Following the completion of the transaction on Completion Date, the Group’s equity interest in Chongqing Digital China Huicong Micro-credit Co., Ltd. (“Chongqing Micro-credit”) decreased from 70% to 40%, and the Group no longer controlled the board of Chongqing Micro-credit but continued to exercise significant influence over Chongqing Micro-credit. As a result, with effect from the Completion Date, Chongqing Micro-credit ceased to be a subsidiary and has then been accounted for as investment in associates in the condensed consolidated financial statements using the equity method of accounting. For details, please refer to Note 17.

In accordance with Hong Kong Financial Reporting Standard (“HKFRS”) 5, “Non-current assets held for sale and discontinued operations”, the financial results of Huicong Hulian and the related impairment expenses for the period ended 27 February 2024 and six months ended 30 June 2024 and 2023 were classified as discontinued operations in the Group’s condensed consolidated interim financial information.

The condensed consolidated interim financial information is presented in thousands of units of Renminbi (RMB'000), unless otherwise stated.

These condensed consolidated interim financial information were approved for issue on 23 August 2024.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This condensed consolidated interim financial information does not include all the notes of the type normally included in an annual consolidated financial information. Accordingly, this report is to be read in conjunction with the annual consolidated financial information for the year ended 31 December 2023 and any public announcements made by the Group during the interim reporting period.

No audit or review was performed by auditors on this information.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Income tax expense for interim period is recognised based on management’s estimate of the weighted average effective annual income tax rates expected for the full financial year.

(a) *New and Amended standards adopted by the Group*

A number of new and amended standards became applicable for the current reporting period:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
Amendments to HKFRS 16 Revised to HK Interpretation 5	Lease liability in sale and leaseback Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The amended standards listed above did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future period.

- (b) Amended standards, interpretation and guideline issued but not yet effective**
 Certain amended standards, interpretation and guideline have been published that are not mandatory for the financial year beginning on 1 January 2024 and have not been early adopted by the Group:

Amendments to HKAS 21 and HKFRS1	Lack of Exchangeability ⁽¹⁾
Amendments to HKFRS 9 and HKFRS7	Amendments to the Classification and Measurement of Financial Instruments ⁽²⁾
HKFRS 18 HKFRS 19	Presentation and Disclosure in Financial Statements ⁽³⁾ Subsidiaries without Public Accountability: Disclosures ⁽³⁾
Amendments to HK Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁽³⁾
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽⁴⁾

(1) Effective for the Group for annual period beginning on 1 January 2025

(2) Effective for the Group for annual period beginning on 1 January 2026

(3) Effective for the Group for annual period beginning on 1 January 2027

(4) Effective date to be determined

4 Estimates and judgement

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by 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.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2023.

There are no changes in the financial risk management policies since 31 December 2023.

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no changes in the capital risk management policies since 31 December 2023.

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 30 June 2024 and 31 December 2023 by level of inputs to valuation techniques used to measure the fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities carried at fair value as at 30 June 2024 and 31 December 2023:

At 30 June 2024 (Unaudited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through other comprehensive income	18,154	–	–	18,154

At 31 December 2023 (Audited)

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Financial assets at fair value through other comprehensive income	21,546	–	–	21,546
Financial asset at fair value through profit or loss	–	–	3,426	3,426
	21,546	–	3,426	24,972

There were no transfers between Level 1, 2 and 3 for recurring fair value measurement during the period.

(a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices as at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, price services or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

(b) *Financial instruments in level 3*

If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

The Group's finance department includes a team that reviews, performs and at the end of the reporting period, finance department:

- verifies all major inputs to the independent valuation reports,
- assesses valuations movements when compared to the prior year valuation report, and
- holds discussion with the independent valuers.

6 Segment information

The chief operating decision-maker (“CODM”) has been identified as the Executive Directors. The Executive Directors review the Group’s internal report in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Historically, the Group present the financial result of its e-business platform, hc360.com, and its financial services business as “Platform and corporate services segment”.

In 2022, the Group decided to suspend the operation of hc360.com and gradually close down its related entity. On 28 November 2023, the Group announced that it agreed to sell its equity interests in Beijing Huicong Hulian Information Technology Co., Ltd. (北京慧聰互聯信息技術有限公司) (“Huicong Hulian”) and its subsidiaries (“Huicong Hulian Group”), to an independent third party. Huicong Hulian Group which was mainly operates financial related business and holds the Group’s investment in commercial bank and financial sector in the Mainland China. The above disposals and cessation of business were completed in the first half of 2024.

Consequently, the entire “Platform and corporate services segment”, which was historically presented as a separate segment, is reported in the current period as discontinued operations. Accordingly, certain comparative figures related to the discontinued operations have been represented in the consolidated financial statements.

As at 30 June 2024, the Group has the following reportable business segments:

- (i) Technology-driven new retail segment, which primarily includes provision of online advertising services through ZOL as well as trading business of electronics products through its platforms.
- (ii) Smart industries segment, which primarily includes B2B trading through Union Cotton and ibuychem, sale and provision of anti-counterfeiting products and digital identity technology and solution services under PanPass and other marketing services.

The table below shows the segment information of revenue and results, and there were no sales or other transactions between the business segments for the six months ended 30 June 2024 and 2023.

	Unaudited Six months ended 30 June 2024				
	Continuing operations			Discontinued operations	Total
	Technology- driven new retail segment RMB'000	Smart industries segment RMB'000	Subtotal RMB'000	Platform and corporate services segment RMB'000	
Revenue	125,594	5,779,115	5,904,709	–	5,904,709
Interest income from financing services	–	–	–	11,740	11,740
Total revenue and income	125,594	5,779,115	5,904,709	11,740	5,916,449
Segment results	(9,654)	(14,965)	(24,619)	(13,968)	(38,587)
Other income			14,384	–	14,384
Other gains, net			(3,320)	3,853	533
Share of post-tax losses of associates			(34,072)	–	(34,072)
Finance income			5,174	–	5,174
Finance cost			(6,550)	(4,971)	(11,521)
Loss before income tax			(49,003)	(15,086)	(64,089)
Other information:					
Depreciation and amortisation	2,835	8,593	11,428	82	11,510
Provision for impairment on financial assets	582	8,933	9,515	31,592	41,107

	Unaudited				
	Six months ended 30 June 2023				
	Continuing operations			Discontinued operations	Total
	Technology-driven new retail segment	Smart industries segment	Subtotal	Platform and corporate services segment	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue	1,037,377	7,808,462	8,845,839	12,689	8,858,528
Interest income from financing services	–	–	–	47,792	47,792
Total revenue and income	1,037,377	7,808,462	8,845,839	60,481	8,906,320
Impairment losses on goodwill	(719,426)	–	(719,426)	–	(719,426)
Segment results	(747,556)	7,852	(739,704)	(138,433)	(878,137)
Other income			7,243	–	7,243
Other gains, net			40,282	–	40,282
Share of post-tax losses of associates			(524)	–	(524)
Finance income			5,088	73	5,161
Finance cost			(4,858)	(17,034)	(21,892)
Loss before income tax			(692,473)	(155,394)	(847,867)
Other information:					
Depreciation and amortisation	35,456	7,188	42,644	899	43,543
Provision for impairment on financial assets	–	4,595	4,595	172,658	177,253

Disaggregation of revenue

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (Represented)
Timing of revenue recognition		
– At a point in time	5,781,074	8,728,017
– Overtime	123,635	117,822
	5,904,709	8,845,839

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (Represented)
Continued operations:		
Revenue from contract with customers:		
Sales of goods through B2B trading platforms	5,740,329	8,642,541
Advertising and marketing services	86,140	88,320
Sales of anti-counterfeiting products	33,182	72,366
Digital identity technology and solution services	36,090	27,822
Marketing events, exhibition, seminars	7,564	13,110
Others	1,404	1,680
Total revenue	5,904,709	8,845,839

7 Loss before income tax from continuing operations

The loss before income tax from continuing operations is arrived at after charging/(crediting):

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (Represented)
Cost of goods sold of B2B trading platforms	5,680,290	8,580,833
Cost of goods sold for anti-counterfeiting products	16,072	55,456
Cost of revenue for digital identity technology and solution services	14,989	6,454
Cost of revenue for advertising and marketing services	296	269
Cost of revenue for marketing events, exhibition, seminars	404	832
Legal and professional fee	6,538	6,854
Amortisation of investment properties (note 13)	581	581
Amortisation of intangible assets (note 13)	5,857	35,622
Impairment of goodwill (note 13)	–	719,426
Depreciation of property, plant and equipment (note 13)	735	1,272
Depreciation of right-of-use assets	4,255	5,169
Employee benefits expenses, including directors' emoluments	80,296	90,650
Marketing and promotion expenses	60,259	33,325
Reversal of impairment of trade receivables (note 14)	436	(1,462)
Provision for impairment of other loans and interest receivables	–	6,042
Provision for impairment of other financial assets	9,079	15
Staff commission	5,113	6,710
Travel and office expense	3,628	3,313
Short term leases expense	877	674

8 Finance cost, net

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (Represented)
Interest expense:		
– Bank borrowings	(2,813)	(2,397)
– Other borrowings	(2,272)	(1,162)
– Lease liabilities	(192)	(251)
– Others	(1,273)	(1,048)
Finance cost	(6,550)	(4,858)
Finance income	5,174	5,088
Finance cost, net	(1,376)	230

9 Income tax (expense)/credit

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (Represented)
Current income tax expense		
– The PRC corporate income tax (“CIT”) expense (<i>note ii</i>)	(392)	(4,080)
Deferred income tax credit		
– The PRC corporate income tax credit	46	8,356
Income tax (expense)/credit	(346)	4,276
Income tax (expense)/credit is attributable to:		
– Loss from continuing operations	(346)	4,322
– Loss from discontinued operations	–	(46)
	(346)	4,276

Note:

- (i) No Hong Kong profits tax has been provided as there is no assessable profits arising in Hong Kong for the six months ended 30 June 2024 (30 June 2023: Nil).
- (ii) PRC CIT represents taxation charged on assessable profits for the period at the rates of taxation prevailing in the cities in the PRC in which the Group operates.

The tax rate applicable to the subsidiaries in the PRC is 25%, except for certain subsidiaries of the Group in the PRC which were approved as High and New Technology Enterprises and were subject to a reduced preferential CIT rate of 15% for a 3-year period. Moreover, certain subsidiaries of the Group were subjected to a reduced Preferential CIT rate of 5% for Small Low-profit Enterprises.

10 Loss from discontinued operations

	2024 RMB'000	2023 RMB'000 (Represented)
Huicong Hulian Disposal Group (note a)	(19,859)	(153,183)
Others	4,773	(2,257)
	(15,086)	(155,440)

(a) Discontinued operation of Huicong Hulian Disposal Group classified as held for sale

On 28 November 2023, the Group entered into the conditional disposal agreement (the "Agreement") to dispose 100% equity interest in Beijing Huicong Hulian Information Technology Co., Ltd ("Huicong Hulian") for a cash consideration of RMB5,000,000. The disposal has been completed on 27 February 2024. Huicong Hulian, its subsidiaries, associate and directly owned investment (together, the "Huicong Hulian Disposal Group") was included in the platform and corporate services segment, mainly operates financial related businesses and holds the Group's investment in commercial bank and financial sector.

The financial results and related gain/loss on disposal of Huicong Hulian Group are reported as a discontinued operation in the condensed consolidated statement of comprehensive income.

Please refer to note 18 for details.

(i) *Financial performance and cash flow information*

The financial performance and cash flow information of Huicong Hulian Disposal Group for the period from 1 January 2024 and ended 27 February 2024 and six months ended 30 June 2023 is as follows:

	Period ended 27 February 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Interest income from financing services	11,740	47,568
Income/(expenses)	913	(27,640)
Net provision for impairment losses on financial assets	(32,512)	(173,065)
Loss before income tax	(19,859)	(153,137)
Income tax expenses	–	(46)
Loss after income tax from discontinued operations	(19,859)	(153,183)
Gain on disposal of Huicong Hulian Group	3,853	–
Loss from discontinued operations	(16,006)	(153,183)
Net cash generated from operating activities	1,574	25,806
Net cash used in investing activities	(10,000)	–
Net cash used in financing activities	–	(16,150)
Total net cash (outflow)/inflow	(8,426)	9,656

11 Loss per share

(a) *Basic loss per share*

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

	Unaudited six months ended 30 June	
	2024	2023 (Represented)
Loss attributable to equity holders of the Company (in RMB'000)		
– From continuing operations	(55,298)	(696,797)
– From discontinued operations	(7,899)	(113,503)
	(63,197)	(810,300)
Weighted average number of shares outstanding (thousands)	1,309,931	1,309,931
Basic loss per share		
– From continuing operations (in RMB)	(0.0422)	(0.5319)
– From discontinued operations (in RMB)	(0.0060)	(0.0867)
Total basic loss per share (in RMB)	(0.0482)	(0.6186)

(b) *Diluted loss per share*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company had one category of dilutive potential ordinary shares that is share options.

During the six months ended 30 June 2024, all of these share options had no dilutive effect to the Company and therefore, diluted loss per share equaled basic loss per share (30 June 2023: same).

12 Dividends

No dividend was paid or declared by the Company during the six months ended 30 June 2024 (30 June 2023: Nil).

13 Property, plant and equipment, investment property, right-of-use assets, intangible assets and goodwill

	Property, plant and equipment RMB'000	Investment properties RMB'000	Other intangible assets RMB'000	Goodwill RMB'000
Opening net book amount as at 1 January 2024	20,045	23,685	19,664	71,858
Additions	778	–	13,138	–
Depreciation and amortisation – From continuing operations	(735)	(581)	(5,857)	–
Closing net book amount as at 30 June 2024	20,088	23,104	26,945	71,858
At 30 June 2024				
Cost	40,727	35,113	624,956	1,506,825
Accumulated depreciation and impairment	(20,639)	(12,009)	(598,011)	(1,434,967)
Net book amount	20,088	23,104	26,945	71,858

	Property, plant and equipment RMB'000	Investment properties RMB'000	Other intangible assets RMB'000	Goodwill RMB'000
Opening net book amount as at 1 January 2023	30,767	24,847	101,321	1,052,105
Additions	420	–	–	–
Disposals	(608)	–	–	–
Impairment				
– From continuing operations (note)	–	–	–	(719,426)
Depreciation and amortisation				
– From continuing operations	(1,272)	(581)	(35,622)	–
– From discontinued operations	(219)	–	(50)	–
Closing net book amount as at 30 June 2023	29,088	24,266	65,649	332,679
At 30 June 2023				
Cost	76,087	35,113	690,311	1,526,451
Accumulated depreciation and impairment	(46,999)	(10,847)	(624,662)	(1,193,772)
Net book amount	29,088	24,266	65,649	332,679

Impairment test for goodwill and other intangible assets

Managements monitors and reviews the business performance at the operating segment level. Goodwill and other intangible assets are allocated to the following cash generating units (“CGUs”).

	Unaudited 30 June 2024		Audited 31 December 2023	
	Goodwill RMB'000	Other intangible assets RMB'000	Goodwill RMB'000	Other intangible assets RMB'000
Smart Industries segment				
Anti-counterfeiting products and services	50,314	8,785	50,314	9,391
Trading services – cotton industry	21,544	17,408	21,544	9,316
Other intangible assets	–	752	–	957
	71,858	26,945	71,858	19,664

The recoverable amounts of the CGUs are determined at higher of the CGU's fair value less cost of disposal and value-in-use. These calculations are performed using cash flow projections based on financial budgets approved by management covering a five-year period. Thereafter, the cash flows are extrapolated using the estimated terminal growth rates. Management estimates the pre-tax discount rate that reflects market assessment of the time value of money and specific risk relating to the industry.

Note:

An impairment for goodwill amounting to RMB719,426,000 were recognised for the "Online services – B2B2C business CGU" during the six months ended 30 June 2023 as business performance of the ZOL did not meet the growth in revenue and earnings originally anticipated.

For the remaining CGUs, the Directors and management considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amount of these CGUs to exceed its recoverable amount.

14 Trade receivables, contract related assets, deposits, prepayments and other receivables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade receivables (note a)	132,393	123,392
Less: provision for impairment of trade receivables	(16,049)	(15,782)
Trade receivables, net	116,344	107,610
Deposits, prepayments and other receivables (note b)	1,114,065	783,423
Contract assets, net	16,573	2,687
Less: Non-current deposits and prepayments (note b)	1,246,982 (1,722)	893,720 (13,225)
Current portion	1,245,260	880,495

(a) Trade receivables

The Group generally grants a credit period ranging from 90 days to 270 days to customers depending on business segment. The aging analysis of the gross trade receivables based on invoice date is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0 to 90 days	79,747	73,774
91 to 180 days	25,176	23,768
181 to 270 days	12,978	9,271
271 to 365 days	4,360	2,720
Over 1 year	10,132	13,859
	132,393	123,392

Note:

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

	Unaudited six months ended 30 June 2024 RMB'000	2023 RMB'000
At 1 January	15,782	37,187
Provision/ (reversal) of impairment of trade receivables		
– From continuing operations	436	(1,462)
Write off for impaired trade receivables	(169)	–
Disposal of subsidiaries	–	(15,676)
At 30 June	16,049	20,049

The carrying amounts of trade receivables approximate their fair values.

Balances are denominated in RMB and there is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers nationally dispersed.

(b) Deposits, prepayments and other receivables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Non-current portion:		
– Deposits	1,722	87
– Prepayment for development of intangible asset	–	13,138
	1,722	13,225
Current portion:		
– Deposits (note a)	9,214	56,016
– Prepayments (note b)	1,024,193	639,924
– Other receivables (note c)	78,936	74,258
	1,112,343	770,198
	1,114,065	783,423
The fair values are as follows:		
– Deposits	10,936	56,103
– Other receivables	78,936	74,258
	89,872	130,361

Notes:

- (a) As of 30 June 2024 and 31 December 2023, the amount mainly includes deposit and/or security payment regarding the Group's rental of office premises, deposit and/or security payment in tenders participated by the Group, and deposit in warrant of due performance of the Group's contractual obligations.
- (b) As of 30 June 2024 and 31 December 2023, the amount mainly represented prepayment to suppliers for B2B trading platform business. The prepayment to suppliers for B2B trading platform business is expected to be utilised within the next reporting period. In the Group's ordinary trading operations and in line with the general practices in the industry, the Group routinely prepays upstream suppliers for certain goods and products to secure prices and products needed to fulfill orders from the Group's downstream customers. The prepayments are typically utilized within one to two months when the suppliers deliver their orders to the Group.
- (c) As of 30 June 2024, RMB60.1 million out of the "other receivables" represented outstanding unsettled balance with respect to the disposal and disputes regarding Tianjin Guokai (31 December 2023: RMB62.9 million). Further information with respect to such item is set out in note 20(b)(iii) to the consolidated financial statements of the Company in its 2023 Annual Report. As of the date of report, there was no substantial development in such dispute when compared to the Group's position as of 31 December 2023.

15 Loans and interest receivables

Loans and interest receivables represent the outstanding balance of loans granted to customers, employees, associates and a joint venture. The loan granted to customers amounting to RMB50,000,000 principal was fully repaid upon maturity during the six months ended 30 June 2024.

16 Restricted bank deposit

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Restricted bank deposit (<i>note</i>)	319,429	234,868

Note:

Restricted bank deposit included bank balances pledged as security for bill payable of approximately RMB319,014,000 and they are denominated in Renminbi as at 30 June 2024 (31 December 2023: Restricted bank deposit included bank balances pledged as security for trade financing of approximately RMB234,429,000 and they are denominated in Renminbi).

17 Investments accounted for using equity method

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Associates	299,878	262,705

Movements in the investments in associates are as follows:

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
At 1 January	262,705	288,458
Addition (<i>note 18</i>)	71,245	–
Share of post-tax losses of associates	(34,072)	(524)
At 30 June	299,878	287,934

Set out below are the summarised financial information of the associates which, in the opinion of directors, are material to the Group and are accounted for using equity method. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of establishment or registration are also their principal places of business.

Name of entity	Place of business/ country of establishment	% of effective interest as at		Nature of the relationship	Measurement method	Carrying amount	
		30 June 2024	31 December 2023			Unaudited 30 June 2024	Audited 31 December 2023
Guangdong Zhongmo Cloud Digital Technology Co., Limited, formerly known as Guangdong Zhongmoyun Construction Science and Technology Co., Limited * ("Zhongmo") (廣東中模雲數字科技股份有限公司)	PRC	22.4	22.4	Associate (note i)	Equity method	234,050	232,625
Guangdong Home Electronic Appliances World E-Commerce Co., Ltd.* ("JDSJ Group") (廣東家電世界電子商務有限公司)	PRC	20	20	Associate (note ii)	Equity method	27,958	30,080
Chongqing Digital China Huicong Micro-credit Co., Ltd.* ("Chongqing Micro-credit") (重慶神州數碼慧聰小額貸款有限公司) (note 18)	PRC	40	70	Associate (note 18)	Equity method	37,870	-
						299,878	262,705

Note i As at 30 June 2024, the Group directly holds 22.4% equity interests in Zhongmo, which is engaged in construction and formwork industry in the PRC.

Note ii As at 30 June 2024, the Group holds 20.0% equity interest of JDSJ Group. JDSJ Group is engaged in the e-commerce for home appliances in the PRC through its websites and mobile applications.

* English names are translated for identification purpose only

18 Disposal of Huicong Hulian Disposal Group

On 27 February 2024 (“Completion Date”), the Group completed the disposal transaction of Huicong Hulian Disposal Group. Huicong Hulian Disposal Group was included in the platform and corporate services segment. Huicong Hulian Disposal Group mainly operates financial related business and holds the Group’s investment in commercial bank and financial sector.

The following is a list of subsidiaries, an associate and a directly owned investment of the Huicong Hulian as at 31 December 2023 and Completion date:

Name	Principal business	Equity interests, directly or indirectly, held by Huicong Hulian
Tianjin Huicong Leasing Co. Ltd. (“Tianjin Leasing”)	Engaged in the finance lease business in the PRC	100%
Chongqing Digital China Huicong Micro-credit Co., Ltd. (“Chongqing Micro-credit”) <i>(Note)</i>	Engaged in the provision of loan service in the PRC	30%
Inner Mongolia Hohhot Jingu Rural Commercial Bank Co., Ltd. (“Jingu Bank”)	Provision of products and services on bank deposits, loans and advances in the PRC and other business approved by the China Banking Regulatory Commission	9.22%
Inner Mongolia Zhongzai Huicai E-commerce Co., Ltd.	Investment holding	100%
Beijing Huixiang Network Technology Co., Ltd.	Dormant	100%
Huijing (Huizhou) E-commerce Co., Ltd.	Dormant	100%

Note : As at 31 December 2023, the Group held 70% aggregate equity interests in Chongqing Micro-credit, with 30% equity interest being held by Huicong Hulian and 40% equity interest held by Hong Kong Huicong International Group Limited, which is a wholly-owned subsidiary of the Group. Upon completion of the above transaction, the Group's interest in Chongqing Micro-credit decreased from 70% to 40% and the Group will no longer hold control over the board of Chongqing Micro-credit but retain significant influence over it. As a result, Chongqing Micro-credit ceased to be a subsidiary of the Group and the retained 40% equity interest was recognised as investment in an associate in the condensed consolidated financial statements using the equity method.

The major classes of assets and liabilities of Huicong Hulian Disposal Group as at Completion Date were as follows:

	As at Completion Date
	<i>RMB'000</i>
Property, plant and equipment	710
Intangible assets	700
Right-of-use assets	123
Deferred income tax assets	40,674
Finance lease receivables	147,648
Financial assets at fair value through OCI	271,773
Loan and interest receivables	1,044,326
Trade and other receivables	17,822
Cash and cash equivalents	14,391
Trade and other payables	(54,868)
Bank borrowings	(487,882)
Lease liabilities	(130)
Other taxes payable	(533)
Income tax payable	(16,335)
Remeasurement loss previously recognised	(586,302)
Net assets disposed of	392,117
Less: net assets attributable to non-controlling interests	(319,725)

**As at
Completion
Date**
RMB'000

Net assets attributable to the Group	72,392
Net gain on disposal Huicong Hulian Disposal Group:	
Cash consideration	5,000
Fair value of the 40% equity interests retained in Chongqing Micro-credit as investment in associate (<i>note 17</i>)	71,245
Less net assets attributable to Group disposed of	(72,392)
	3,853
Net cash outflow arising on disposal for the period ended 30 June 2024:	
Cash consideration (<i>note</i>)	5,000
Less: deposit received in advance	(1,000)
Less: cash and cash equivalents disposed of	(14,391)
	(10,391)

Note: Upon the disposal of Huicong Hulian Group, the total cash consideration received amounted to RMB5,000,000. This included an initial deposit of RMB1,000,000 received on December 1, 2023.

The 40% equity interest in Chongqing Micro-credit that was retained was remeasured to its fair value, as the initial recognition cost of investment in associates. The deemed disposal gains amounting to RMB3,853,000 was recognised.

The fair value of the 40% equity interest in Chongqing Micro-credit that was retained by the Group as at Completion Date was determined by a valuation performed by an independent professional valuer. The valuation involved significant judgements and estimates, including price-to-book (P/B) ratio, and selection of comparable companies.

The notional goodwill arising on the transaction of Chongqing Micro-credit was as follows:

	RMB'000
Fair value of the 40% equity interests retained in Chongqing Micro-credit as investment in associate (<i>note 17</i>)	71,245
Share of the fair value of net identifiable assets	(70,187)
Notional goodwill	1,058

19 Other financial liabilities

	Huizhou Union Cotton Cloud Technology Co., Limited ("Union Cotton")		PanPass Information Technology Co., Limited ("PanPass")	
	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Current	91,849	88,391	81,013	77,253

The balance represents the redemption liabilities related to Union Cotton and PanPass. Historically, the Group issued news shares in Union Cotton and PanPass to certain news investors and agreed that these investors are entitled to a redemption right to sell the shares in Union Cotton and PanPass to the original shareholders (including the Group) at a pre-determined price, if UniCotton and PanPass fail to meet certain performance conditions.

Such redemption obligation is recognised as "other financial liabilities" and measured at the present value of the expected redemption amount. As at 30 June 2024, the relevant liabilities on Union Cotton and PanPass amounted to RMB91,849,000 and RMB81,013,000 (31 December 2023: RMB88,391,000 and RMB77,253,000).

The aggregate change in fair value amounting to RMB7,218,000 was credited to "other reserves" in the condensed consolidated interim statement of comprehensive income.

20 Financial assets and liabilities at fair values

Financial assets at fair value through profit or loss and other comprehensive income

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	
	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trading securities – listed securities	–	–	18,154	21,546
Wealth management product	20,143	–	–	–
Equity investment – unlisted securities	–	3,426	–	–
Financial assets	20,143	3,426	18,154	21,546

All financial assets measured at fair value through profit or loss and other comprehensive income are classified as non-current assets.

During the six months ended 30 June 2024, the Group impaired financial assets at fair value through profit or loss amounting to RMB3,426,000, as the underlying investment in the securities was no longer recoverable.

During the six months ended 30 June 2024, the Group invested in wealth management products from financial intuitions amounting to RMB20,000,000 and classified as financial assets at fair value through profit or loss. Such wealth management products are expected to be mature before 31 December 2024.

For further details about the fair value estimate and movements of the financial assets at fair value, please refer to note 5.3.

21 Contract liabilities

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Contract liabilities related to online services and advertisement	30,314	28,450
Contract liabilities related to sales of goods on B2B trading business	426,044	270,283
Contract liabilities	456,358	298,733

22 Trade payables and bill payables, accrued expenses and other payables

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Trade payables and bill payables (note a)	376,895	292,924
Accrued salaries and staff benefits	36,613	45,650
Accrued agency commission	6,189	5,702
Accrued expenses	61,583	54,691
Deposits from customers	3,819	3,434
Other tax payables	14,596	15,522
Others	15,392	14,199
	515,087	432,122

Note:

(a) Trade payables and bill payables

The aging analysis of the trade payables and bill payables based on invoice date is as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
0 to 90 days	173,305	238,717
91 to 180 days	171,140	40,949
181 to 365 days	19,511	218
Over 1 year	12,939	13,040
	376,895	292,924

23 Borrowings

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Bank borrowings (note a)	161,324	150,852
Other borrowings (note b)	286,507	255,621
Total borrowings	447,831	406,473

The above balance includes both principal and interest portion of the borrowings and are all denominated in RMB (31 December 2023: same).

Notes:

- (a) Bank borrowings bear average interest rate ranging from 2.9% to 5% per annum (31 December 2023: ranging from 3.2% to 7% per annum) and principal of approximately RMB161,258,000 will mature in next twelve months (31 December 2023: RMB150,840,000).

Out of the total balances, the followings bank borrowings were secured.

- (i) bank borrowing of RMB8,000,000 which was guaranteed by a subsidiary of the Group and secured by a property (31 December 2023: Nil); and
- (ii) bank borrowing of RMB10,000,000 which were guaranteed by certain independent third party of the Group and secured by an Executive Director of the Group (31 December 2023: Same); and
- (iii) bank borrowing of RMB5,000,000 which was unguaranteed and secured by restricted bank deposit of the Group (31 December 2023: Nil).

The remaining bank borrowings are unsecured and mainly included:

- (i) bank borrowings of RMB68,550,000 (31 December 2023: RMB74,000,000) which were guaranteed by subsidiaries of the Group; and
- (ii) bank borrowings of RMB28,980,000 (31 December 2023: RMB43,930,000) which were guaranteed by certain key management personnel of the subsidiaries; and
- (iii) bank borrowings of RMB5,000,000 which were guaranteed by a subsidiary and key management personnel of a subsidiary and his spouse (31 December 2023: Nil); and
- (iv) bank borrowing of RMB4,828,000 which were guaranteed by an independent third party and a key management personnel of a subsidiary (31 December 2023: Nil); and
- (v) bank borrowing of RMB3,000,000 which were guaranteed by an independent third party and a key management personnel of a subsidiary and his spouse (31 December 2023: Nil); and
- (vi) bank borrowing of RMB1,400,000 which were guaranteed by an Executive Director of the Group (31 December 2023: same); and
- (vii) bank borrowings of RMB26,500,000 (31 December 2023: RMB11,500,000) which were unguaranteed.

- (b) Other borrowings bear interest rate ranging from 0% to 8% per annum (31 December 2023: same) and principal of approximately RMB286,273,000 will mature in next twelve months (31 December 2023: RMB255,598,000).

Out of the total balances, the followings other borrowings were secured:

- (i) other borrowing of RMB230,000,000 provided by an independent third party which was guaranteed by a subsidiary of the Group and secured by certain equity interest of a subsidiary of the Group (31 December 2023: Same); and
- (ii) other borrowings of RMB10,000,000 provided by an independent third party which were guaranteed by a subsidiary of the Group and secured by prepayment of home appliances (31 December 2023: Nil); and
- (iii) other borrowing of RMB9,273,000 provided by an independent third party which was unguaranteed and secured by prepayment of cotton (31 December 2023: Nil).

The remaining other borrowings are unsecured and mainly included:

- (i) other borrowing of RMB20,000,000 provided by an independent third party which was guaranteed by an executive director of a subsidiary of the Group (31 December 2023: RMB10,000,000); and
- (ii) other borrowings of RMB4,000,000 provided by a non-controlling shareholder and certain key management personnels of subsidiaries of the Group (31 December 2023: RMB3,600,000); and
- (iii) other borrowing of RMB3,000,000 provided by a key management personnel of a subsidiary (31 December 2023: Nil); and
- (iv) other borrowings of RMB10,000,000 provided by an independent third party (31 December 2023: RMB11,998,000).

As at 30 June 2024, the Group has undrawn banking facilities of RMB2,350,000 (31 December 2023: RMB12,000,000).

24 Share capital

	Number of ordinary shares	Par value RMB'000
At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	1,309,931,119	120,977

The total authorised number of ordinary shares is 2,000,000,000 shares (31 December 2023: 2,000,000,000 shares) with a par value of HK\$0.1 per share (31 December 2023: HK\$0.1 per share). All issued shares are fully paid.

The total number of issued shares of the Company were 1,309,931,119 shares as at 30 June 2024 (31 December 2023: Same).

(a) Share options

During the six months ended 30 June 2024, no share options were exercised (30 June 2023: Nil).

Movements in the number of share options outstanding and their exercise prices are as follows:

		For the six months ended 30 June 2024		For the year ended 31 December 2023	
		Exercise price in HK\$ per share	Share options	Exercise price in HK\$ per share	Share options
At 1 January	3 April 2023	4.402	-	4.402	1,500,000
	18 November 2023	9.84	-	9.84	2,100,000
	13 October 2027	6.476	29,032,100	6.476	29,032,100
	19 July 2028	4.6	15,953,606	4.6	16,436,379
	20 June 2029	4.6	9,500,000	4.6	9,500,000
Granted	3 April 2023	4.402	-	4.402	-
	18 November 2023	9.84	-	9.84	-
	13 October 2027	6.476	-	6.476	-
	19 July 2028	4.6	-	4.6	-
	20 June 2029	4.6	-	4.6	-
Lapsed, forfeited or exercised	3 April 2023	4.402	-	4.402	(1,500,000)
	18 November 2023	9.84	-	9.84	(2,100,000)
	13 October 2027	6.476	-	6.476	-
	19 July 2028	4.6	-	4.6	(482,773)
	20 June 2029	4.6	-	4.6	-

		For the six months ended 30 June 2024		For the year ended 31 December 2023	
		Exercise price in HK\$ per share	Share options	Exercise price in HK\$ per share	Share options
At 30 June 2024 and 31 December 2023	3 April 2023	4.402	–	4.402	–
	18 November 2023	9.84	–	9.84	–
	13 October 2027	6.476	29,032,100	6.476	29,032,100
	19 July 2028	4.6	15,953,606	4.6	15,953,606
	20 June 2029	4.6	9,500,000	4.6	9,500,000

Share options				
Expiry date	Exercise price in HK\$ per share	Unaudited 30 June 2024	Exercise price in HK\$ per share	Audited 31 December 2023
3 April 2023	4.402	–	4.402	–
18 November 2023	9.84	–	9.84	–
13 October 2027	6.476	29,032,100	6.476	29,032,100
19 July 2028	4.6	15,953,606	4.6	15,953,606
20 June 2029	4.6	9,500,000	4.6	9,500,000

(b) Share Award Scheme

The following table represents the movements for number of shares under the Share Award Scheme for the periods ended 30 June 2024 and 2023.

	Number of shares (in thousand unit)
At 1 January 2024	13,389
Share transferred during the period	(13,389)
At 30 June 2024	–
At 1 January 2023	16,767
Share transferred during the period	(4,479)
At 30 June 2023	12,288

25 Related party transactions

(a) Key management compensation

The remuneration of directors and other members of key management during the period were as follows:

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries and other short-term employee benefits	4,538	2,879

(b) Related party transaction

Other than those disclosed elsewhere in condensed consolidated interim financial information, no transaction occurred with related parties in Group's business.

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income from associates and a joint venture (note i)	18	6,199

Note:

- (i) The Group has granted loans to certain associates and a joint venture. These loans are entered at terms mutually agreed by the parties concerned or in accordance with the terms of the underlying agreements, where appropriate.

(c) Related party balance

Saved as disclosed in the condensed consolidated interim financial information, the Group has the following balances with related parties as at 30 June 2024 and 31 December 2023, respectively.

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Loans and interest receivables from a joint venture – Joint venture (<i>note i</i>)	705	687

Note:

- (i) The loan and interest receivables of RMB705,000 (31 December 2023: RMB687,000) from a joint venture will mature in 2024 and is interest bearing at rate of 6% per annum (31 December 2023: same).

BOARD COMPOSITION

The Directors as of the date of this report (or during the Period) are:

Executive Directors

Mr. Liu Jun (Chairman and CEO)
Mr. Zhang Yonghong
Mr. Liu Xiaodong (President)

Non-executive Directors

Mr. Guo Fansheng
Mr. Lin Dewei
Mr. Xing Jingfeng (*appointed with effect from 26 March 2024*)
Mr. Sun Yang (*resigned with effect from 20 March 2024*)

Independent non-executive Directors

Mr. Zhang Ke
Mr. Zhang Tim Tianwei
Ms. Qi Yan

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Listing Rules, were as follows:

(a) Directors' and chief executive's long positions in the shares of the Company ("Shares")

Name	Class of Shares	Capacity	Personal interests	Family interests	Corporate interests	Other interests	Total number of Shares	Percentage of shareholding (approximate)
Liu Jun	Ordinary	Beneficial owner	79,252,100	-	-	-	79,252,100 (Note 1)	6.05%
Zhang Yonghong	Ordinary	Beneficial owner	13,600,000	-	-	-	13,600,000 (Note 2)	1.04%
Liu Xiaodong	Ordinary	Beneficial owner and Interest of controlled corporation	5,168,085	-	62,273,794	-	67,441,879 (Note 3)	5.15%
Guo Fansheng	Ordinary	Beneficial owner and founder of a discretionary trust who can influence how the trustee exercise his discretion	2,088,000	-	-	55,661,015	57,749,015 (Note 4)	4.41%

Notes:

1. Among such interests include interests in 29,032,100 underlying Shares derived from the share options ("Options") granted under the Company's Share Option Scheme.
2. Among such interests include interests in 9,500,000 underlying Shares derived from Options.
3. Among such interests include interests in 3,168,085 underlying Shares from Options. Mr. Liu Xiaodong is also deemed to be interested in 62,273,794 Shares held by Wisdom Limited (a company wholly and beneficially owned by him) pursuant to the SFO.

4. Mr. Guo Fansheng is deemed to be interested in 55,661,015 Shares (long position) held by a trustee of a trust of which Mr. Guo Fansheng is a founder of a discretionary trust who can influence how the trustee exercise his discretion pursuant to the SFO. He 100% controls Frandor Limited (which 100% controls Altair Associates Ltd). Altair Associates Ltd. 100% controls Cedoria Capital LLC, who is interested in such 55,661,015 Shares.
5. More information about the Directors' interests in the Options is set out in the paragraph headed "Share Scheme" below.

Save as disclosed above, none of the Directors and chief executive of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO) or required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which were notified to the Company and the Stock Exchange pursuant to the Model Code as of the end of the Period.

SHARE SCHEME

2015 Share Option Scheme

On 22 May 2015 (the "Adoption Date"), a share option scheme was approved by the shareholders of the Company ("2015 Share Option Scheme"). More information of the 2015 Share Option Scheme were included in the circular of the Company dated 5 May 2015. Set out below is a summary of the 2015 Share Option Scheme:

Purpose and participants

The purpose of the 2015 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, customers, advisers, distributors, contractors, suppliers, agents, business partners or service providers of the Group and to promote the success of the business of the Group ("Participant(s)"). The Board may, at its absolute discretion, invite any person belonging to any of the aforesaid classes of persons of any member of the Group to be a Participant of the 2015 Share Option Scheme.

Total number of Shares available for issue

The total number of Shares available for issue in respect of which Options may be granted under the 2015 Share Option Scheme is 102,085,221 Shares, representing approximately 7.79% of the issued Shares, as at the date of this report.

Maximum entitlement of each Participant

The total number of Shares issued and to be issued upon exercise of the Options granted to each Participant (including both exercised and outstanding Options) under the 2015 Share Option Scheme or any other share option schemes of the Company in any 12-month period up to date of grant shall not exceed 1% of the Shares in issue.

Time of exercise of the Options

An Option may be exercised by the grantee at any time during the period to be notified by the Board to the grantee (the "Grantee") in the offer of Options (the "Offer"), but in any event shall not exceed 10 years from the date of offer (the "Offer Date").

Minimum holding period

The Board may offer to grant any Options subject to such terms and conditions in relation to the minimum period of the Options to be held and/or the performance criteria to be satisfied before such Options can be exercised and/or any other terms as the Board may determine in its absolute discretion.

Amount payable on acceptance of the Option

An Offer shall be deemed to have been accepted and an Option to which the Offer relates shall be deemed to have been granted and accepted and to have taken effect when a letter in such form as the Board may from time to time determine signifying acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within 7 days from the Offer Date (inclusive of the Offer Date).

Basis of determining the exercise price

The subscription price shall be a price determined solely by the Board and notified to a Participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the Offer Date; and (iii) the nominal value of a Share on the Offer Date.

Remaining life of the 2015 Share Option Scheme

The 2015 Share Option Scheme shall be valid for a period of 10 years commencing on the Adoption Date.

Outstanding Share Options

Set out below are the movement of the Options granted under the under the 2015 Share Option Scheme during the Period:

Name/category of grantee	Date of grant	Exercise price per share HK\$	Number of Options				Outstanding as at 30 June 2024 (Note 1)	Exercise period	Vesting period and conditions
			Outstanding as at 1 January 2024	Granted during the Period	Exercised during the Period	Lapsed during the Period			
Directors/chief executive									
Liu Jun	13 October 2017	6.476	5,986,000	-	-	-	5,986,000	13 October 2018 – 12 October 2027	Note 8
			5,986,000	-	-	-	5,986,000		
			5,686,700	-	-	-	5,686,700		
			5,686,700	-	-	-	5,686,700		
			5,686,700	-	-	-	5,686,700		
Zhang Yonghong	20 June 2019	4.6	3,163,500	-	-	-	3,163,500	20 June 2020 – 19 June 2029	Note 9
			3,163,500	-	-	-	3,163,500		
			3,173,000	-	-	-	3,173,000		
Liu Xiaodong	19 July 2018	4.6	1,332,000	-	-	-	1,332,000	19 July 2019 – 18 July 2028	Note 10
			1,034,485	-	-	-	1,034,485		
			801,600	-	-	-	801,600		
Five highest paid individual (not Director)									
2 individuals (also being senior management), in aggregate	19 July 2018	4.6	1,681,650	-	-	-	1,681,650	19 July 2019 – 18 July 2028	Note 10
			1,507,660	-	-	-	1,507,660		
			1,012,020	-	-	-	1,012,020		

Name/category of grantee	Date of grant	Exercise price per share HK\$	Number of Options				Outstanding as at 30 June 2024 (Note 1)	Exercise period	Vesting period and conditions
			Outstanding as at 1 January 2024	Granted during the Period	Exercised during the Period	Lapsed during the Period			
Other senior management									
1 individual	19 July 2018	4.6	999,000	-	-	-	999,000	19 July 2019 – 18 July 2028	Note 10
			895,640	-	-	-	895,640	19 July 2020 – 18 July 2028	
			200,400	-	-	-	200,400	19 July 2021 – 18 July 2028	
Other employees									
In aggregate (Note 2)	19 July 2018	4.6	2,160,888	-	-	-	2,160,888	19 July 2019 – 18 July 2028	Note 10
			2,160,888	-	-	-	2,160,888	19 July 2020 – 18 July 2028	
			2,167,375	-	-	-	2,167,375	19 July 2021 – 18 July 2028	
Total			54,485,706 (Note 11)	-	-	-	54,485,706 (Note 11)		

Notes:

- Each Option granted and accepted shall be valid for a period of 10 years from the date of grant of Options. Each Option has a vesting period from its date of grant up to the date immediately before the commencement of its exercise period.

For the Options exercisable at HK\$6.476 granted on 13 October 2017, the relevant grantees may exercise Options up to 20%, 40%, 60%, 80% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first, second, third, fourth and fifth anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$4.60 granted on 19 July 2018, the relevant grantees may exercise Options up to 33.3%, 66.6% and 100%, respectively, of the Shares comprised in his or her Option (less any number of Shares in respect of which the Option has been previously exercised), commencing from the first, second and third anniversaries of the date of the grant of Options.

For the Options exercisable at HK\$4.60 granted on 20 June 2019, the relevant grantees may exercise Options up to 33.3%, 66.6% and 100%, respectively, of the Shares comprised in his or her Options (less any number of shares of the Company in respect of which the Options have been previously exercised), commencing from the first, second and third anniversaries of the date of the grant of Options.

2. 5 employees with Options to subscribe Shares at HK\$4.60 per Share.
3. These Options are conditional upon the continuation of employment of the relevant grantee.
4. The fair value of Options granted under the Share Option Scheme on 13 October 2017, determined using the Binomial Model valuation model, was approximately RMB100,356,000. The significant inputs into the model were exercise price of HK\$6.476 standard deviation of expected share price returns of 62%, expected life of Options 4.9 years expected dividend paid out rate of 0.9% and annual risk-free interest rate 1.745%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
5. The fair value of Options granted under the 2015 Share Option Scheme on 19 July 2018, determined using the Binomial Model valuation model, was approximately RMB70,258,000. The significant inputs into the model were exercise price of HK\$4.6 standard deviation of expected share price returns of 70%, expected life of Options 10 years expected dividend paid out rate of 0% and annual risk-free interest rate 2.13%. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of historical price movement of the Company and other comparable companies with similar business nature.
6. In respect of employees resigned during the Period whose Options have not been vested, such Options are lapsed, and the share compensation costs recognised previously are credited to consolidated statement of comprehensive income.
7. The values of Options recognised in share-based compensation reserves are subject to a number of assumptions and with regard to the limitation of the valuation model.
8. The Options granted on 13 October 2017 were subject to the following vesting period and conditions:

20% each of the Options would be vested and become exercisable on each of the first, second, third, fourth and fifth anniversary dates of date of offer (being 13 October 2017). Out of each of these 20%, half of them (i.e. an aggregate of 50% of all Options) would only be vested and become exercisable if the following performance targets are met:

Percentage of performance targets achieved	Percentage of the special Options becoming exercisable
100%	100%
70%–99%	Proportionate to the percentage of performance targets actually achieved for the relevant financial year
Less than 70%	Nil

If the grantee ceases to be an employee, unvested Options will lapse automatically, and Options vested but not yet exercised will lapse if such Options have not been exercised within three months from the date of his/her cessation of employment.

9. Options granted on 20 June 2019 were subject to the following vesting period and conditions:

	Date when the Options become exercisable	Percentage of Shares comprised in the Option which is vested and exercisable (subject to fulfillment of vesting conditions set out in the next column) <i>(Notes)</i>	Condition 1	Condition 2
First tranche of Options	First anniversary date of the Date of Grant (the "First Anniversary Date")	33.3%	The performance target of the Company for the year 2019 is achieved	The Grantee shall remain as an employee of the Group as at the First Anniversary Date
Second tranche of Options	Second anniversary date of the Date of Grant (the "Second Anniversary Date")	33.3%	The performance target of the Company for the year 2020 is achieved	The Grantee shall remain as an employee of the Group as at the Second Anniversary Date
Third tranche of Options	Third anniversary date of the Date of Grant (the "Third Anniversary Date")	33.4%	The performance target of the Company for the year 2021 is achieved	The Grantee shall remain as an employee of the Group as at the Third Anniversary Date

50% of the respective tranche of Options in each vesting period are exercisable only if Condition 1 and Condition 2 set out above are fully achieved. The remaining 50% of the respective tranche of Options in each vesting period are exercisable if Condition 2 is fulfilled.

10. The Options granted on 19 July 2018 were subject to the following vesting periods and conditions:

	Date when the Options become exercisable	Percentage of Shares comprised in the Option which is vested and exercisable (subject to fulfillment of vesting conditions set out in the next column)	Condition 1	Condition 2	Condition 2
First tranche of Options	First anniversary date of the Date of Grant (the "First Anniversary Date")	33.3%	The revenue of the Company for the year 2018 reaches RMB10 billion or above.	The Grantee has achieved the performance targets for the year 2018 set out by the department or business unit where he/she belongs.	The Grantee shall remain as an employee of the Group as at the First Anniversary Date
Second tranche of Options	Second anniversary date of the Date of Grant (the "Second Anniversary Date")	33.3%	The revenue of the Company for the year 2019 reaches RMB20 billion or above.	The Grantee has achieved the performance targets for the year 2019 set out by the department or business unit where he/she belongs.	The Grantee shall remain as an employee of the Group as at the Second Anniversary Date
Third tranche of Options	Third anniversary date of the Date of Grant (the "Third Anniversary Date")	33.4%	The revenue of the Company for the year 2020 reaches RMB30 billion or above.	The Grantee has achieved the performance targets for the year 2020 set out by the department or business unit where he/she belongs.	The Grantee shall remain as an employee of the Group as at the Third Anniversary Date

Notes:

1. If a Grantee fulfills Condition 1 and Condition 3 set out above in the respective vesting period, the Grantee will be entitled to exercise 40% of the respective tranche of Options.
2. If a Grantee fulfills Condition 2 and Condition 3 set out above in the respective vesting period, the Grantee will be entitled to exercise 40% of the respective tranche of Options.
3. If a Grantee fulfills Condition 3, the Grantee will be entitled to exercise 20% of the respective tranche of Options.
4. All the Options will be automatically cancelled if the Grantee fails to fulfil Condition 3 regardless of whether Condition 1 and/or Condition 2 are achieved.
5. In addition to the above vesting conditions, if performance targets set out in Condition 1 or Condition 2 above cannot be fully achieved, the number of Options corresponding to fulfilment of Condition 1 and/or Condition 2 as referred to in notes 1 and 2 above which can be exercisable in the respective vesting period would be further adjusted in the following manner:

Percentage of performance targets achieved	Percentage of the Options becoming exercisable
100%	100%
70%-99%	Proportionate to the percentage of performance targets actually achieved
Less than 70%	Nil

11. The number of Outstanding Options under the 2015 Share Option Scheme represented approximately 4.16% of the Company's issued Shares as of the beginning of the Period and the end of the Period. As of the date of this report, there were 54,485,706 Outstanding Options, representing approximately 4.16% of the Company's issued Shares as of the date of this report.

Save as disclosed, no options were exercised, granted, lapsed or cancelled during the Period.

The Employees' Share Award Scheme of the Company expired in 2021, and all awards granted thereunder have vested prior to the Period. There were no unvested awards during the Period.

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

As at 30 June 2024, the interests and short positions of substantial shareholders (not being Directors and the chief executive of the Company) in the shares and underlying shares of the Company, which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Name	Class of Shares	Long position	Capacity	Percentage of shareholding (approximate)
Substantial shareholders				
Talent Gain Developments Limited	Ordinary	253,671,964 (Note 1)	Beneficial owner and interest in controlled corporation	19.37%
Digital China (BVI) Limited	Ordinary	253,671,964 (Note 1)	Interest in controlled corporation	19.37%
Digital China Holdings Limited	Ordinary	253,671,964 (Note 1)	Interest in controlled corporation	19.37%
Other persons				
Ideal South Limited	Ordinary	80,000,000 (Note 2)	Beneficial owner	6.11%
Wong Luen Hei	Ordinary	129,705,000 (Note 2)	Interest in controlled corporation and founder of discretionary trust(s) who can influence how the trustee exercises his discretion	9.90%
Fortune Value Investment Holdings Limited	Ordinary	104,562,000 (Note 3)	Beneficial owner	7.98%
Zhu Lemin	Ordinary	104,562,000 (Note 3)	Interest in controlled corporation	7.98%

Notes:

So far as the Company is aware of with reference to publicly available information:

- Such interests in the Company comprise: (1) 230,263,964 Shares held by Talent Gain Developments Limited and (2) 23,408,000 Shares held by Unique Golden Limited. Unique Golden Limited is wholly and beneficially owned by Talent Gain Developments Limited, which in turn is wholly and beneficially owned by Digital China (BVI) Limited and which is in turn wholly controlled by Digital China Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 861). Therefore, Talent Gain Developments Limited is deemed to be interested in the Shares held by Unique Golden Limited, and each of Digital China (BVI) Limited and Digital China Holdings Limited is deemed to be interested in the Shares held by Talent Gain Developments Limited and Unique Golden Limited.

2. Ideal South Limited is wholly and beneficially owned by Mr. Wong Luen Hei. He is deemed to be interested in the Shares held by Ideal South Limited under the SFO. Mr. Wong is also interested in 49,705,000 Shares in the capacity of a founder of discretionary trust(s) who can influence how the trustee exercises his discretion.
3. Fortune Value Investment Holdings Limited is wholly and beneficially owned by Mr. Zhu Lemin. He is deemed to be interested in the Shares held by Fortune Value Investment Holdings Limited under the SFO.

Save as disclosed above, as at 30 June 2024, the Company had not been notified of any interests or short positions of substantial Shareholders or other persons in the shares and underlying shares of the Company which are required to be kept under Section 336 of the SFO.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted written guidelines regarding Directors' securities transactions on terms no less exacting than the required standard of dealings set out in Appendix C3 to the Listing Rules. Having made specific enquiry of all Directors, the Directors confirmed that he/she has complied with the required standard of dealings and the said guidelines regarding Directors' securities transactions during the Period.

AUDIT COMMITTEE

The Audit Committee currently comprises Mr. Zhang Ke (Chairman of the Audit Committee), Ms. Qi Yan (both of them being independent non-executive Directors) and Mr. Guo Fansheng (a non-executive Director). One of the primary duties of the Audit Committee is to review and supervise the financial reporting process and internal control procedures of the Group.

The Audit Committee has reviewed with management of the Company the accounting principles and practices adopted by the Group, and the unaudited interim results of the Group for the Period and this report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Each of the Directors has confirmed that none of them and to the best of their information, their respective close associates (as defined in the Listing Rules), had any business or interest in any company that materially competes or may compete with the business of the Group or any other conflict of interests with the interests of the Group during the Period.

RECONCILIATION OF NON-HKFRS MEASURES TO THE NEAREST HKFRS MEASURES

To supplement the Group consolidated results which are prepared and presented in accordance with HKFRS, the Group also used adjusted EBITDA and adjusted net profit/loss as additional financial measures, which are not required by or presented in accordance with HKFRS. The Company believes that these non-HKFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of items that the management does not consider to be indicative of the Group's operating performance, such as certain non-cash items and certain impact of investment transactions. The use of these non-HKFRS measures have limitations as an analytical tool, and one should not consider them in isolation from, or as a substitute for analysis of, the results of operations or financial conditions as reported under HKFRS. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other issuers and therefore may not be comparable to similar measures presented by other issuers.

The following table sets forth the reconciliations of non-HKFRS financial measures for the six months ended 30 June 2024 and 2023, to the nearest measures prepared in accordance with HKFRS.

	Unaudited Six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (Represented (Note))
Operating loss	(13,555)	(692,179)
Other gains, net	3,320	(40,282)
Impairment losses on goodwill	–	719,426
Provision for impairment losses on financial assets	9,515	4,595
Adjusted loss	(720)	(8,440)
Adjusted for Depreciation and amortisation	11,428	42,644
Adjusted EBITDA*	10,708	34,204

* Earning before interest, taxes, depreciation and amortisation.

Note: The comparative figures related to the discontinued operations have been represented in the consolidated financial statements, as such the non-HKFRS financial measures have also been represented to align the presentation.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Mr. Liu Jun is the chairman and the CEO of the Company in the Period. Code Provision C.2.1 in Part 2 of Appendix C1 to the Listing Rules stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Liu has been overseeing the Group's strategic development, he has extensive experience in the industry and the experience of acting as the CEO. The Company believes that Mr. Liu acting as the CEO could allow the Group to maintain its efficient planning and to implement business decisions and strategies under consistent leadership of the current management team without compromising the balance of power and authority. The arrangement could also facilitate a division of work among key management members of the Company by allowing other key management members to devote on key development directions of the Group, and is beneficial to the Group as a whole.

Save as the above, the Board was satisfied that the Company met the applicable code provisions set out in the Corporate Governance Code in Part 2 of Appendix C1 to the Listing Rules during the Period.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities (including sale of treasury shares) during the Period. As of 30 June 2024, the Company did not hold any treasury shares.

By order of the board
HC Group Inc.
Liu Jun
Chairman and Chief Executive Officer

Hong Kong, 23 August 2024

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

Mr. Liu Jun (*Chairman, Executive Director and Chief Executive Officer*)

Mr. Zhang Yonghong (*Executive Director*)

Mr. Liu Xiaodong (*Executive Director and President*)

Mr. Guo Fansheng (*Non-executive Director*)

Mr. Lin Dewei (*Non-executive Director*)

Mr. Xing Jingfeng (*Non-executive Director*)

Mr. Zhang Ke (*Independent non-executive Director*)

Mr. Zhang Tim Tianwei (*Independent non-executive Director*)

Ms. Qi Yan (*Independent non-executive Director*)

Certain figures in this report have been subject to rounding adjustments.

This report contains certain forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These forward-looking statements are based on a number of assumptions, current estimates and projections, and are therefore subject to inherent risks, uncertainties and other factors which may or may not be beyond the Company's control. The actual results or outcomes of events may differ materially and/or adversely. Nothing contained in these forward-looking statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these forward-looking statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.