



Quanzhou Huixin Micro-credit Co., Ltd.*
泉州匯鑫小額貸款股份有限公司

(Established in the People's Republic of China with limited liability)
Stock Code: 1577



INTERIM REPORT 2024

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Definitions

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

“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to “China” and “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Company”	Quanzhou Huixin Micro-credit Co., Ltd.* (泉州匯鑫小額貸款股份有限公司), a joint stock company established in the PRC with limited liability on 8 January 2010 converted from the predecessor company, Quanzhou Licheng District Huixin Microcredit Co., Ltd.* (泉州市鯉城區匯鑫小額貸款有限公司), on 18 August 2014, the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 1577)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares in our capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi by PRC nationals and/or PRC-incorporated entities
“Fujian” or “Fujian Province”	Fujian Province (福建省), a province located in the southeastern coast of China
“Fujian Haoxiang Gardening”	Fujian Haoxiang Gardening Building Decoration Engineering Co., Ltd.* (福建豪翔園林建設有限責任公司)
“Fujian Huian Haoda”	Fujian Huian Haoda Construction Company Limited* (福建省惠安豪達建設有限公司), formerly known as Fujian Huian Haoda Stoning Company Limited* (福建省惠安豪達石業有限公司)
“Fujian Panpan”	Fujian Panpan Biotech Limited* (福建盼盼生物科技股份有限公司)
“Fujian Septwolves Group”	Fujian Septwolves Group Co., Ltd.* (福建七匹狼集團有限公司)
“Group”, “we”, “us” or “our”	the Company and its subsidiaries
“HKFRS(s)”	Hong Kong Financial Reporting Standards
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

Definitions

“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Huizhixin”	Quanzhou Huizhixin Investment Co., Ltd.* (泉州市匯知信投資有限責任公司), a company incorporated in the PRC with limited liability
“JJHX”	Jinjiang Huixin Microfinance Co., Ltd.* (晉江市匯鑫小額貸款有限公司)
“Listing Rules”	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Quanzhou” or Quanzhou City”	Quanzhou City (泉州市), Fujian Province, the PRC
“Quanzhou Haoxiang”	Quanzhou Haoxiang Stone Co., Ltd.* (泉州豪翔石業有限公司)
“Quanzhou Yuanpeng”	Quanzhou Yuanpeng Clothing and Textile Co., Ltd.* (泉州市遠鵬服飾織造有限公司)
“Reporting Period”	the period for the six months ended 30 June 2024
“RMB”	Renminbi, the lawful currency for the time being of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“SMEs”	small and medium-sized enterprise(s)
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Supervisor(s)”	the supervisor(s) of the Company
“Wealth Success”	Wealth Success Enterprise Limited* (成康企業有限公司)
“Xiamen Jiayucheng”	Xiamen Jiayucheng International Trade Co., Ltd.* (廈門嘉裕誠國際貿易有限公司)
“Xiamen Shunyingtong”	Xiamen Shunyingtong International Trade Co., Ltd.* (廈門順應通國際貿易有限公司)
“Xiamen Yulang Gongwu”	Xiamen Yulang Gongwu Textile and Garment Co., Ltd.* (廈門與狼共舞紡織服裝有限公司)

* for identification purposes only

Corporate Information

Directors

Executive Directors

Mr. Wu Zhirui (*Chairman*)
Mr. Zhou Yongwei
Mr. Yan Zhijiang
Ms. Liu Aiqin

Non-executive Directors

Mr. Jiang Haiying
Mr. Cai Rongjun

Independent Non-executive Directors

Mr. Zheng Wenjian
Mr. Yang Dong John
Mr. Yang Zhanghua

Supervisors

Mr. Wang Shijie (*Chairman*)
Mr. Li Jiancheng
Ms. Ruan Cen
Mr. Chen Jinzhu
Mr. Wu Lindi

Audit Committee

Mr. Yang Dong John (*Chairman*)
Mr. Cai Rongjun
Mr. Zheng Wenjian

Remuneration Committee

Mr. Zheng Wenjian (*Chairman*)
Mr. Wu Zhirui
Mr. Yang Zhanghua

Nomination Committee

Mr. Yang Zhanghua (*Chairman*)
Mr. Zhou Yongwei
Mr. Yang Dong John

Joint Company Secretaries

Mr. Yan Zhijiang
Ms. Ng Ka Man (*ACG, HKACG*)

Authorised Representatives

Mr. Wu Zhirui
Mr. Yan Zhijiang

Registered Address

12/F, Former Finance Building
No. 361 Feng Ze Street
Quanzhou
Fujian
the PRC

Headquarters/Principal Place of Business in the PRC

35/F, Huijin International Center
No. 105 Daxing Street
Fengze District
Quanzhou
Fujian
the PRC

Principal Place of Business in Hong Kong

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

Corporate Information

Company's Website

www.qzhuixin.net

Stock Code

1577

Auditor and Reporting Accountant

Ernst & Young
Certified Public Accountants

Legal Adviser

YYC Legal LLP
(as to Hong Kong laws)

H Share Registrar

Boardroom Share Registrars (HK) Limited
2103B, 21/F, 148 Electric Road
North Point
Hong Kong

Principal Bankers

The Agricultural Bank of China
Jinjiang Jinjing Sub-branch
No. 200 Zhong Xing Road, Jinjing Town
Jinjiang City
Quanzhou
Fujian
the PRC

China Minsheng Bank
Quanzhou Branch
No. 689 Citong Street
Fengze District
Quanzhou
Fujian
the PRC

Xiamen Bank
Yinlong Sub-branch
No. 857 Xiahe Street
Huli District
Quanzhou
Fujian
the PRC

Xiamen Bank
Quanzhou Branch
No. 474 Huxin Street
Licheng District
Quanzhou
Fujian
the PRC

Management Discussion and Analysis

Industry Overview

In 2014, the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) designated Quanzhou city as a pilot zone for the comprehensive reform of the private economy, initiating reform programs that include improving the financial services sector as well as increasing the financial support of, and the financing resources available to, private enterprises. In December 2015, the State Council promulgated the *Plan for Promoting the Development of Inclusive Finance (2016–2020)* (*Guo Fa [2015] No. 74*) (推進普惠金融發展規劃(2016–2020年) (國發[2015]74號)), which aims to improve the quality and the coverage of inclusive finance service. In 2017, the government of Quanzhou City promulgated the *Opinions on Promoting the Sound and Sustainable Development of Micro-credit Companies, Pawnshop Companies and Financing Guarantee Companies* (泉州市人民政府關於促進小額貸款公司、典當行和融資擔保公司健康持續發展的若干意見), which encourages microfinance companies to develop innovative businesses. In 2018, the Quanzhou Financial Affairs Bureau (泉州市金融工作局) and certain other government departments promulgated the *Opinions on the Implementation of Strengthening Financial Services of Real Economy to further Facilitate and Reduce the Cost of Financing* (關於加強實體經濟金融服務進一步緩解融資難融資貴的實施意見), which allows microfinance companies in Quanzhou City to comprehensively carry out microfinance business mainly for SMEs and “agriculture, rural and farmers” (三農) in Quanzhou City. In 2021, to further support the development of microfinance companies in Quanzhou City, Quanzhou Financial Affairs Office promulgated the *Opinions on Promoting the Sound and Sustainable Development of Micro-credit Companies* (泉州市金融工作辦公室關於促進小額貸款公司持續健康發展的若干意見).

Business Overview

Our Group is principally engaged in loan business. We conduct our loan business primarily through the Company and JJHX. Based in Quanzhou City, we are the largest licensed microfinance company in Fujian Province in terms of revenue in 2023, according to the statistics of the Fujian Financial Supervision Bureau (福建省地方金融監督管理局). We are primarily dedicated to providing local entrepreneurial individuals, SMEs and microenterprises with practical and flexible short-term financing solutions to support their continued development and address their ongoing liquidity needs.

During the Reporting Period, we generated substantially all of our income by charging interest on the loans extended to our customers. For the six months ended 30 June 2024, the total loans granted to our customers amounted to RMB500.5 million. Our interest income from loans receivable was RMB59.0 million for the six months ended 30 June 2024.

We financed our operations primarily through a combination of share capital of our Shareholders. The following table sets forth our share capital, net capital, principal amount of outstanding loans and loan/net capital ratio as of the dates indicated:

	As of 30 June 2024	As of 31 December 2023
Share capital (RMB in millions)	680.0	680.0
Net capital (RMB in millions) ⁽¹⁾	1,244.4	1,268.5
Principal amount of outstanding loans (RMB in millions)	835.5	925.9
Loan/net capital ratio ⁽²⁾	0.67 times	0.73 times

Management Discussion and Analysis

Notes:

(1) Represents the aggregate of the share capital, reserves and retained profits of our Group.

(2) Represents the principal amount of our outstanding loans divided by our net capital.

Our Loan Business

Loan Portfolio

The principal amount of our outstanding loans decreased from RMB925.9 million as of 31 December 2023 to RMB835.5 million as of 30 June 2024, primarily because of the decreased capital needs of enterprises as the slow down in local economy growth.

Revolving Loans and Term Loans

We offer two types of loans, namely, revolving loans and term loans, as part of our flexible financing solutions, depending on a customer's repayment and re-borrowing needs. The following table sets forth the principal amount of our revolving loans and term loans as of the dates indicated:

	As of 30 June 2024		As of 31 December 2023	
	RMB'000	%	RMB'000	%
Principal amount of outstanding loans:				
Revolving loans	558,882	66.9	629,104	67.9
Term loans	276,662	33.1	296,763	32.1
Total	835,544	100.0	925,867	100.0

Loan portfolio by security

Our loans receivable consists of credit loans, guaranteed loans and collateral-backed loans. The following table sets forth our loan portfolio by security as of the dates indicated:

	As of 30 June 2024		As of 31 December 2023	
	RMB'000	%	RMB'000	%
Principal amount of outstanding loans:				
Credit loans	—	—	1,400	0.2
Guaranteed loans	164,032	19.6	145,052	15.7
Collateral-backed loans				
— with guarantee	366,571	43.9	381,636	41.1
— without guarantee	304,941	36.5	397,779	43.0
Total	835,544	100.0	925,867	100.0

Management Discussion and Analysis

Our clients primarily include entrepreneurial individuals, SMEs, and microenterprises. As of 31 December 2023, the balance of outstanding loan of our largest client and five largest clients was RMB45.8 million and RMB144.2 million respectively, accounting for 4.9% and 15.6% of our total balance of outstanding loan. RMB0.2 million of interest receivables has been accrued from the five largest clients for the same period. As of 30 June 2024, the balance of outstanding loan of our largest client and five largest clients was RMB45.8 million and RMB144.2 million respectively, accounting for 5.5% and 17.3% of our total balance of outstanding loan. As of 30 June 2024, there was no accrued interest receivables from the five largest clients. The annual interest rates of the five largest clients range from 13.2% to 19.2% with the loan terms ranging from 12 to 36 months. Among the five largest clients, three are SMEs or microenterprises and two are entrepreneurial individuals, involving in manufacturing industry and finance industry. All the above loans are secured loans or collateral-backed loans.

Past due loans

The principal amount of our past due loans was RMB108.3 million and RMB126.1 million as of 31 December 2023 and 30 June 2024, respectively, accounting for 11.7% and 15.1% of the total principal amount of our outstanding loans as of the same dates.

We had 30 past due loans with an aggregate principal amount of RMB108.3 million as of 31 December 2023. As of 30 June 2024, RMB11.6 million of the principal amount of these past due loans as of 31 December 2023 had been settled. As of 30 June 2024, the remaining portion of principal amount of past due loans as of 31 December 2023 was RMB96.7 million and the allowance for impairment losses for the remaining portion of past due loans as of 31 December 2023 was RMB23.6 million.

As of 30 June 2024, we had 21 past due loans with an aggregate principal amount of RMB126.1 million, and our allowance for impairment losses for these past due loans as of the same date was RMB32.9 million.

The principal amount of our past due loans increased from RMB108.3 million as of 31 December 2023 to RMB126.1 million as of 30 June 2024, mainly because some of our loans were overdue as a result of the current temporary cash flow difficulty of the borrowers. Since most of the past due loans were pledged or guaranteed by collaterals, the loss probability of such loans is low.

We adopt a loan classification approach to manage our loan portfolio risk. We categorize our loans by reference to the “Five-Tier Principle” set forth in the *Guideline for Loan Credit Risk Classification* (貸款風險分類指引) issued by the China Banking Regulatory Commission (中國銀行業監督管理委員會), which is transformed into the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會). We make provisions for the anticipated level for loan loss after categorizing the loan according to the “Five-Tier Principle”. According to the “Five-Tier Principle”, our loans are categorized as “normal”, “special-mention”, “substandard”, “doubtful” or “loss” according to their levels of risk. We consider our “substandard”, “doubtful” and “loss” loans as non-performing loans. The following table sets forth the breakdown of the total principal amount of our outstanding loans by category as of the dates indicated:

	As of 30 June 2024		As of 31 December 2023	
	RMB'000	%	RMB'000	%
Normal	392,721	47.0	479,513	51.7
Special-mention	370,986	44.4	373,628	40.4
Substandard	58,944	7.1	59,828	6.5
Doubtful	11,647	1.4	11,647	1.3
Loss	1,246	0.1	1,251	0.1
Total	835,544	100.0	925,867	100.0

Management Discussion and Analysis

We assess impairment either collectively or individually as appropriate. We assess our loans for impairment at the end of each relevant period, determine a level of allowance, and recognize any related provisions using the concept of impairment under HKFRS 9. For the loans in stage 1 and stage 2 for measurement of the expected credit loss (“ECL”) which were the “normal” loans and part of the “special-mention” loans, given that they are not impaired, we make collective assessment based primarily on factors including prevailing general market and industry conditions and historical impaired ratio. For the remaining loans, the impairment losses are assessed individually by evaluating the loss that we expect to incur on the balance sheet date.

Our “Substandard” loans decreased from RMB59.8 million as of 31 December 2023 to RMB58.9 million as of 30 June 2024 mainly because RMB0.9 million of the “Substandard” loans were recovered. During the Reporting Period, RMB4.0 million of the loans written off in previous years were recovered.

The following table sets forth the key default and loss ratios reflecting the asset quality of our loan business:

(RMB'000, except for percentage)	As of/For the six months ended 30 June 2024	As of/For the year ended 31 December 2023
Non-performing loan ratio⁽¹⁾	8.6%	7.9%
Balance of non-performing loans receivable	71,837	72,726
Balance of gross loans receivable	836,634	928,989
Allowance coverage ratio⁽²⁾	100.7%	92.8%
Allowance for loans losses⁽³⁾	72,331	67,480
Balance of non-performing loans receivable	71,837	72,726
Provision for impairment losses ratio⁽⁴⁾	8.6%	7.3%
Loss ratio⁽⁵⁾	29.8%	18.6%
Net charge of impairment allowance on loans receivable	17,541	26,127
Interest income	58,955	140,166

Notes:

- (1) Represents the balance of non-performing loans receivable divided by the balance of gross loans receivable. Non-performing loan ratio indicates the quality of our loan portfolio.
- (2) Represents the allowance for loans losses for all loans divided by the balance of non-performing loans receivable. The allowance for loans losses for all loans includes allowances provided for performing loans and allowances provided for non-performing loans. Allowance coverage ratio indicates the level of allowance we set aside to cover probable loss in our loan portfolio.
- (3) Allowance for loans losses reflects our management’s estimate of the probable loss in our loan portfolio.
- (4) Represents the allowance for loans losses divided by the balance of gross loans receivable. Provision for non-performing loans losses ratio measures the cumulative level of provisions.
- (5) Represents the net charge of impairment allowance on loans receivable divided by our interest income. Loss ratio is a benchmark which our management uses to monitor our financial results in relation to impairment losses incurred.

Our non-performing loans receivable decreased from RMB72.7 million as of 31 December 2023 to RMB71.8 million as of 30 June 2024 because some loans were recovered. Our non-performing loan ratio increased from 7.9% as of 31 December 2023 to 8.6% as of 30 June 2024 as a result of the decrease in our loan offerings.

Management Discussion and Analysis

Compliance with Key Regulatory Requirements

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

Key requirements	Compliance status
The registered capital of a microfinance company in Fujian province shall not be lower than RMB100 million.	Our Group complied with such requirement for the six months ended 30 June 2024.
The debt to net capital ratio of a microfinance company in Quanzhou City is capped at 100%.	Our Group complied with such requirement for the six months ended 30 June 2024.
The <i>Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases (2020 Second Amendment)</i> (最高人民法院關於審理民間借貸案件適用法律若干問題的規定 (2020第二次修正)) (“ these Provisions ”) promulgated by the Supreme People's Court (最高人民法院) on 29 December 2020 which became effective on 1 January 2021 provide that: these Provisions shall apply to any first-instance case involving a private lending dispute newly accepted by the people's court after these Provisions came into effect; for a first-instance private lending case newly accepted after 20 August 2020, if the loan contract was formed before 20 August 2020, and either party requests that the interest from the formation of the contract to 19 August 2020 be calculated according to the then judicial interpretations, the people's court shall support the request; and (ii) the interest from 20 August 2020 to the date of payment of the loan shall be calculated according to the interest rate protection standard established by these Provisions at the time of bringing the lawsuit.	Our Group complied with such applicable requirement for the six months ended 30 June 2024.
A microfinance company shall not grant loans to its own shareholders, directors, senior management and their related parties.	Our Group complied with such requirement for the six months ended 30 June 2024.
The outstanding amount of loan made to the same borrower by a microfinance company cannot exceed 10% of the net capital of such microfinance company.	Our Group complied with such requirement for the six months ended 30 June 2024.
Upon the listing of the H Shares on the main board of the Stock Exchange on 30 September 2016, the ratio of the balance of outstanding loans of up to a maximum of RMB5.0 million to a single borrower to the total balance of outstanding loans that is applicable to the Company shall not be lower than 70% (the “ Amended 70% Requirement ”).	Our Group complied with the Amended 70% Requirement for the six months ended 30 June 2024.

Management Discussion and Analysis

Financial Overview

Interest Income, Net

We generate substantially all of our interest income from interest on loans and accounts receivables that we provide to our customers. We incur interest expense on margin loans which are principally used to fund our loan business.

The following table sets forth our interest income and interest expense for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Interest income on:		
Loans and accounts receivables	58,957	68,389
Interest expense on:		
Margin loans	(243)	(265)
Lease liabilities	(35)	(19)
Interest income, net	58,679	68,105

Interest Income

Our interest income from short-term financings provided to entrepreneurial individuals, SMEs and microenterprises primarily consists of interest income from our performing loans. Interest income from performing loans is mainly affected by (i) the balance of our outstanding performing loans; and (ii) the effective interest rates that we charge on our performing loans.

The following table sets forth the average balance of our outstanding performing loans and corresponding average effective interests rate per annum for the periods indicated:

	For the six months ended 30 June	
	2024	2023
Average balance of outstanding performing loans ⁽¹⁾ (RMB'000)	608,735	757,716
Average effective interest rate per annum ⁽²⁾	13.82%	15.77%

Notes:

- (1) Calculated as the average balance of the principal amount of our outstanding performing loans at the end of each month for the period indicated.
- (2) Calculated by dividing the interest income for the period by the average balance of outstanding performing loans for the period multiplied by two.

Management Discussion and Analysis

Our loan business is primarily funded by our share capital. Our interest income decreased by 13.8% from RMB68.4 million for the six months ended 30 June 2023 to RMB59.0 million for the six months ended 30 June 2024. The average balance of our outstanding performing loans decreased by 19.7% from RMB757.7 million for the six months ended 30 June 2023 to RMB608.7 million for the six months ended 30 June 2024. Such decreases were primarily due to the decrease of the loan size. For the six months ended 30 June 2023 and 2024, our average effective interest rate per annum decreased from 15.8% to 13.8%. Such decrease was primarily due to the drop in the interest rate of new loans we granted during the Reporting Period.

Interest Expense

The following table sets forth the average balance of our borrowings and effective interest rates per annum for the periods indicated:

	For the six months ended 30 June	
	2024	2023
Average balance of borrowings ⁽¹⁾ (RMB'000)	8,832	10,586
Effective interest rate per annum ⁽²⁾	5.00%	5.02%

Notes:

- (1) Calculated as the average balance of our borrowings at the end of each month for the period indicated.
- (2) Calculated by dividing the interest expense for the period by the average balance of borrowings for the period multiplied by two.

Our average balance of borrowings decreased from RMB10.6 million as of 30 June 2023 to RMB8.8 million as of 30 June 2024 due to the decreased loan size.

Net Charge of Impairment Allowance on Loans and Accounts Receivable

Net charge of impairment allowance on loans and accounts receivable mainly arose from the balance of allowance for impairment loss we made in relation to our loans and accounts receivable during the relevant periods.

We review our loan portfolios and finance leases periodically to assess whether any impairment losses exist and the amount of impairment losses if there are evidences of impairment. Our management reviews the methodology and assumptions used in estimating future cash flows regularly to minimize difference between loss estimates and actual loss.

Our net charge of impairment allowance on loans and accounts receivable for the six months ended 30 June 2023 and 2024 were RMB13.8 million and RMB17.7 million, respectively. Such increase was primarily due to the increase in provision for loans as a result of rising market credit risk.

Management Discussion and Analysis

Operating and Administrative Expenses

Our operating and administrative expenses mainly include tax and surcharges, staff costs, service fees, depreciation and amortization expenses and others. The table below sets forth the components of our operating and administrative expenses by nature for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Tax and surcharges	438	443
Staff costs:		
Salaries, bonuses and allowances	4,832	4,692
Other social welfare	979	935
Service fees	1,426	1,212
Depreciation and amortization	1,772	1,870
Others	1,384	1,056
Total operating and administrative expenses	10,831	10,208

Our tax and surcharges primarily comprise city maintenance and construction tax and additional education fees, accounting for 4.3% and 4.0% of our operating and administrative expenses for the six months ended 30 June 2023 and 2024, respectively. Staff costs, including salaries, bonuses and allowances paid to employees, other social welfare insurance and benefits, accounted for 55.1% and 53.7% of our operating and administrative expenses for the six months ended 30 June 2023 and 2024, respectively.

Our operating and administrative expenses slightly increased from RMB10.2 million for the six months ended 30 June 2023 to RMB10.8 million for the six months ended 30 June 2024 mainly because of the increases in staff costs and service fee.

Net Investment Gains

Our net gains of financial assets increased from RMB7.8 million for the six months ended 30 June 2023 to RMB12.4 million for the six months ended 30 June 2024 mainly due to (i) the unrealized gains on financial assets held at fair value of RMB13.7 million; and (ii) the dividends from listed securities of RMB1.4 million, partially offset by the losses from disposal of financial assets of RMB2.7 million.

Other Income and Gains

Our other income and gains consists of interest from bank deposits, government grants, gain on disposal of items of property and equipment and other gains. Our net other income and gains increased from RMB4.2 million for the six months ended 30 June 2023 to RMB4.5 million for the six months ended 30 June 2024 mainly due to (i) the increase in government grants of RMB0.6 million; and (ii) the decrease in other income of RMB0.3 million.

Management Discussion and Analysis

Income Tax Expense

During the six months ended 30 June 2023 and 2024, we were subject to the general tax rate of 25% pursuant to the Enterprise Income Tax Law (企業所得稅法) which became effective from 1 January 2008, and was amended on 24 February 2017 and became effective as from the same day. Our income tax expense for the six months ended 30 June 2023 and 2024 was RMB13.5 million and RMB10.1 million, respectively. Such decrease was primarily because of the decrease in profit before tax. Our effective tax rate was 23.9% and 21.6% for the same period, respectively.

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

Net Profit and Total Comprehensive Income for the Period

As a result of the foregoing, we recorded net profit, defined as net profit and total comprehensive income, of RMB42.8 million and RMB36.6 million for the six months ended 30 June 2023 and 2024, respectively. The profit attributable to owners of the parent company for the same period was RMB34.8 million and RMB33.3 million, respectively.

Liquidity and Capital Resources

We have in the past funded our working capital and other capital requirements primarily by equity contributions from our Shareholders and cash flows from operations. Our liquidity and capital requirements primarily relate to granting loans and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while supporting a healthy level of business scale and expansion.

Our gearing ratio which presented the percentage of our net debt divided by the aggregate of our capital and net debt, decreased from -9.6% as of 31 December 2023 to -13.7% as of 30 June 2024, mainly because of the increase in cash and cash equivalents.

Cash Flows

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

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Net cash flows from/(used in) operating activities	118,664	(12,722)
Net cash flows (used in) investing activities	(53,212)	(10)
Net cash flows (used in) financing activities	(28,486)	(37,110)
Net increase/(decrease) in cash and cash equivalents	36,966	(49,842)
Cash and cash equivalents at the beginning of the period	111,485	131,078
Effect of foreign exchange rate changes, net	44	235
Cash and cash equivalents at the end of the period	148,495	81,471

Management Discussion and Analysis

Net Cash Flows From/(Used in) Operating Activities

Our business involves a substantial amount of operating cash turnover as well as ongoing funding in the ordinary course of business undertaking, given the capital-intensive nature of short-term microfinance business.

Our cash from operating activities primarily consists of loans repaid by our customers, interest income from loans that we grant to customers and proceeds from disposal of financial assets at fair value through profit or loss. Net cash flows from operating activities reflect: (i) our profit before tax adjusted for non-cash and non-operating items, such as charge on impairment, interest expense, accrued interest on impaired loans, foreign exchange gain, as well as depreciation and amortization; (ii) the effects of changes in working capital; and (iii) income tax paid.

Net cash flows generated from operating activities for the six months ended 30 June 2024 was RMB118.7 million. Net cash flows generated from operating activities before working capital adjustment was RMB35.9 million. Cash inflows primarily consisted of: (i) the decrease in financial assets at fair value through profit or loss of RMB13.3 million; and (ii) the decrease in loan size resulting in the decrease in loans and accounts receivable of RMB96.4 million. Cash outflows primarily consisted of: (i) the increase in other assets of RMB2.2 million; and (ii) the decrease in other liabilities of RMB4.6 million.

Net Cash Flows Used in Investing Activities

For the six months ended 30 June 2024, our net cash flows used in investing activities was RMB53.2 million, which was mainly consisted of the payment under restructuring investment agreement.

Net Cash Flows Used in Financing Activities

For the six months ended 30 June 2024, our net cash flows used in financing activities was RMB28.5 million, which consisted of: (i) the repayment of interests on interest-bearing borrowings of RMB1.2 million; (ii) the lease payments of RMB0.5 million; (iii) the dividend paid to non-controlling shareholders of JJHX and Huizhixin of RMB8.2 million; and (iv) the payment of acquisition of non-controlling interests of Huizhixin of RMB18.5 million.

Cash Management

We have established certain management measures to manage our liquidity. As our business relies primarily on its available cash, we normally set aside a sufficient amount of cash for general working capital needs, such as administrative expenses and payment of interests on borrowings, and use substantially all of the remainder for granting loans to our customers. As of 31 December 2023 and 30 June 2024, the total cash and cash equivalents amounted to RMB111.5 million and RMB148.5 million, respectively, which we consider to be adequate based on our actual working capital needs.

Selected Items of the Statements of Financial Position

Cash and Cash Equivalents

Cash and cash equivalents primarily consist of our cash on hand and cash at banks. As of 31 December 2023 and 30 June 2024, we had cash and cash equivalents of RMB111.5 million and RMB148.5 million, respectively. Such increase in our cash and cash equivalents was primarily due to the decrease in the balance of our loans.

Loans and Accounts Receivable

Our loans and accounts receivable consist of net lease receivables and loans receivable. We consider a financial asset in default when it is overdue for more than 90 days.

Management Discussion and Analysis

The following table sets forth our loans and accounts receivable and allowance for impairment losses as of the dates indicated:

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Net lease receivables	193	237
Loans receivable	836,634	928,989
Total loans and accounts receivable	836,827	929,226
Less: Allowance for impairment losses		
— Individual assessed	(63,944)	(57,022)
— Collective assessed	(8,580)	(10,655)
Total allowance for impairment losses	(72,524)	(67,677)
Net loans and accounts receivable	764,303	861,549

Our net loans and accounts receivable decreased from RMB861.5 million as of 31 December 2023 to RMB764.3 million as of 30 June 2024 primarily because the slow growth of national economic and the decreased capital needs of enterprises.

As of 30 June 2024, our maturity profiles within one year and over one year accounted for 88.9% and 11.1% of the total loans receivable, respectively. The following table sets forth a maturity portfolio of our gross loans receivable as of the dates indicated:

	As of 30 June 2024		As of 31 December 2023	
	RMB'000	%	RMB'000	%
Past due	126,091	15.1	108,295	11.7
Due within three months	164,646	19.7	181,632	19.6
Due between three months and six months	71,130	8.5	190,890	20.5
Due between six months and one year	381,706	45.6	298,357	32.1
Due over one year	93,061	11.1	149,815	16.1
Total	836,634	100.0	928,989	100.0

Management Discussion and Analysis

Goodwill

Our goodwill remained at RMB14.7 million as of 31 December 2023 and 30 June 2024.

Other Intangible Assets

Other intangible assets remained at RMB0.1 million as of 31 December 2023 and 30 June 2024.

Deferred Tax Assets

The deferred tax assets slightly decreased from RMB32.6 million as of 31 December 2023 to RMB32.5 million as of 30 June 2024, mainly due to the adjustment of the fair value of financial assets at fair value through profit or loss.

Other Assets

Our other assets decreased from RMB22.9 million as of 31 December 2023 to RMB12.0 million as of 30 June 2024 primarily due to the decrease in prepayments and deposits. The following table sets forth a breakdown of our other assets as of the dates indicated:

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Reposessed assets	8,060	8,060
Prepayment and deposit	—	13,000
Deferred and prepaid expenses	3,779	1,609
Other receivables	166	192
Total other assets	12,005	22,861

Other Payables

Our other payables mainly include value-added tax and surcharges payable, payrolls payable, audit fee, dividend payable and others. As of 31 December 2023 and 30 June 2024, our other payables were RMB10.3 million and RMB39.7 million, respectively. Such increase was primarily due to (i) the increase in dividend payable of RMB34.0 million; and (ii) the decrease in payrolls payable of RMB2.1 million.

Management Discussion and Analysis

Indebtedness

Interest-bearing Borrowings

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

	As of 30 June 2024 RMB'000	As of 31 December 2023 RMB'000
Margin loans payable	8,861	9,895
Total	8,861	9,895

Lease Liabilities

Our lease liabilities decreased from RMB1.7 million as of 31 December 2023 to RMB1.3 million as of 30 June 2024 mainly because of the lease payment of RMB0.5 million.

Contingent Liabilities

We had no significant contingent liabilities as of 30 June 2024.

Capital Expenditures

Our capital expenditures consist primarily of (i) the purchase of fixture and plants and machineries; and (ii) the consolidation of the assets of Sichuan Xianpai Lingzhi Group Limited* (四川仙牌靈芝集團有限公司). The table sets forth our capital expenditures for the periods indicated:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Capital expenditures — Micro-credit business	65,504	69
Total	65,504	69

Management Discussion and Analysis

Commitment and Contractual Obligations

Capital Commitments

We did not have any capital commitment during the Reporting Period.

Foreign Currency Exposure

Our Group did not use any derivative financial instruments to hedge the risk of exchange rate changes since almost all of our revenue was from Mainland China for the six months ended 30 June 2024.

Off-balance Sheet Arrangements

As of 30 June 2024, we did not have any off-balance sheet arrangements.

Material Investments, Acquisition and Disposals

As disclosed in the discloseable and connected transaction announcement of the Company dated 25 June 2024 (the “**Announcement**”), Huizhixin, a non wholly-owned subsidiary of the Company, and the Company as the purchasers, respectively entered into the sale and purchase agreements with Xiamen Panhong Trading Co., Ltd. (廈門磐鴻貿易有限公司) as the vender to acquire a total of 23.0% of the entire equity interests in JJHX at a total consideration of approximately RMB83.0 million. As the date of this report, the acquisition has been completed. Approximately 99.8% of the entire equity interests in JJHX are held by the Group, and JJHX remains a non wholly-owned subsidiary of the Company. For more details, please refer to note 32 to the interim condensed consolidated financial information and the Announcement.

Save as disclosed above, there were no material investments (including any investment with a value of 5% or more of the Company’s total assets), acquisitions or disposals for the six months ended 30 June 2024.

Future Plans for Material Investments and Expected Sources of Funding

Other than bank loans we obtained from commercial banks, we also consider issuing bonds or conducting income rights transfer and repurchase financing or other investments plans or choices. Nevertheless, as of the date of this report, we do not have any firm intention or formulated any specific plan on material external financing in the short term.

Save as disclosed above, our Group had no future plans for material investments or external financing as of 30 June 2024.

Charge on Our Group’s Assets

As of 30 June 2024, we did not have any charges on our Group’s assets.

Management Discussion and Analysis

Employment and Emoluments

As of 30 June 2024, our Group had 54 employees, all of whom were based in the PRC. Our employees' remuneration has been paid in accordance with applicable laws and regulations in the PRC. Appropriate salaries and bonuses were paid with reference to the actual practices of the Company. Other corresponding benefits include pension, unemployment insurance and housing allowance.

Continuing Disclosure Requirements under the Listing Rules

As of 30 June 2024, our Group did not involve in any circumstances that would give rise to a disclosure requirement under Rules 13.12 to 13.19 of the Listing Rules.

Prospects

In 2024, downside risks of the global economy still exists, overall, the international macroeconomic environment that China is facing will improve, and some positive changes conducive to consolidating the rebound of China's economy are likely to occur. In 2024, the U.S.-China relationship will continue to show a trend of moderation, and a new global industrial and supply chain network is being built at an accelerated pace. With the gradual implementation of macro-expansionary policies, the employment will improve, resident income will continue to rise, and the average consumption tendency will be restored, which will lead to a rebound in consumer demand. As China further encourages the development of private economy, the Group will adhere to the central idea of steady development in 2024, diversify its development, and actively seize any opportunity to explore various business models and expand its revenue sources to enhance Shareholders' returns.

Other Information

Directors', Supervisors' and Chief Executives' Interests in Securities

As of 30 June 2024, the interests or short positions of the Directors, Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name	Position	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Mr. Zhou Yongwei	Executive Director	Interest in controlled corporation ⁽⁴⁾	203,932,000 Domestic Shares (L)	40.79%	29.99%
Mr. Jiang Haiying	Non-executive Director	Interest in controlled corporation ⁽⁵⁾	50,000,000 Domestic Shares (L)	10.00%	7.35%
Mr. Yang Dong John	Independent non-executive Director	Beneficial owner	14,000 H Shares (L)	0.01%	0.002%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Domestic Shares.
- (2) The calculation is based on the percentage of shareholding in Domestic Shares as of 30 June 2024.
- (3) The calculation is based on the total number of 680,000,000 Shares in issue which comprised of 180,000,000 H Shares and 500,000,000 Domestic Shares as of 30 June 2024.
- (4) Fujian Septwolves Group is directly interested in approximately 40.79% of the issued Domestic Shares. The disclosed interest represents the interest in the Company held by Fujian Septwolves Group, which is in turn approximately 37.82% owned by Mr. Zhou Yongwei, approximately 31.09% owned by Mr. Zhou Shaoxiong and approximately 31.09% owned by Mr. Zhou Shaoming. Mr. Zhou Yongwei controls more than one-third of the voting rights of Fujian Septwolves Group and is therefore deemed to be interested in its interest in the Company by virtue of the SFO.
- (5) Quanzhou Haoxiang is directly interested in approximately 10% of the issued Domestic Shares. The disclosed interest represents the interest in the Company held by Quanzhou Haoxiang, which is in turn approximately 61.08% owned by Fujian Haoxiang Gardening (a company owned as to 63.33% by Mr. Jiang Haiying), approximately 34.05% owned by Mr. Jiang Haiying and approximately 4.87% owned by Fujian Huian Haoda. Therefore, Mr. Jiang Haiying is deemed to be interested in Quanzhou Haoxiang's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 30 June 2024, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange.

Other Information

Interests and Short Positions of Substantial Shareholders

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

Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Fujian Septwolves Group	Beneficial owner	203,932,000 Domestic Shares (L)	40.79%	29.99%
Xiamen Shunyingtong	Beneficial owner	67,932,000 Domestic Shares (L)	13.59%	9.99%
Xiamen Jiayucheng ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Xiamen Yulang Gongwu ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Mr. Tsai Hiu Chuck ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Ms. Wu Di ⁽⁴⁾	Interest in controlled corporation	67,932,000 Domestic Shares (L)	13.59%	9.99%
Quanzhou Yuanpeng	Beneficial owner	57,248,000 Domestic Shares (L)	11.45%	8.42%
Wealth Success ⁽⁵⁾	Interest in controlled corporation	57,248,000 Domestic Shares (L)	11.45%	8.42%
Ms. Hong Jingxiao ⁽⁵⁾	Interest in controlled corporation	57,248,000 Domestic Shares (L)	11.45%	8.42%
Fujian Panpan	Beneficial owner	54,458,000 Domestic Shares (L)	10.89%	8.01%
Mr. Cai Jinan ⁽⁶⁾	Interest in controlled corporation	54,458,000 Domestic Shares (L)	10.89%	8.01%
Quanzhou Haoxiang	Beneficial owner	50,000,000 Domestic Shares (L)	10.00%	7.35%

Other Information

Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Fujian Haoxiang Gardening ⁽⁷⁾	Interest in controlled corporation	50,000,000 Domestic Shares (L)	10.00%	7.35%
Mr. Tsai Hiu Chuk ⁽⁸⁾	Interest in controlled corporation	37,453,639 H Shares (L)	20.81%	5.51%
Glory Asiapac Holdings Limited ⁽⁸⁾	Interest in controlled corporation	37,453,639 H Shares (L)	20.81%	5.51%
Cheer Spread Enterprise Limited	Beneficial owner	37,453,639 H Shares (L)	20.81%	5.51%
Ms. Hong Erguan	Beneficial owner	31,336,000 H Shares (L)	17.41%	4.61%
Mr. Cai Jianchu	Beneficial owner	30,954,000 H Shares (L)	17.20%	4.55%
Good Rising Investments Limited	Beneficial owner	29,444,361 H Shares (L)	16.36%	4.33%
Pleasant Advent Limited ⁽⁹⁾	Interest in controlled corporation	29,444,361 H Shares (L)	16.36%	4.33%
Ms. Wong Sze Ying Chloe ⁽⁹⁾	Interest in controlled corporation	29,444,361 H Shares (L)	16.36%	4.33%
Ms. Cheng Chau Yuet ⁽¹⁰⁾	Beneficial owner	330,000 H Shares (L)		
	Interest of spouse	21,782,000 H Shares (L)		
		22,112,000 H Shares (L)	12.28%	3.25%

Other Information

Shareholders	Nature of interest	Number of Shares ⁽¹⁾	Percentage in the relevant class of share capital ⁽²⁾	Percentage in the total issued share capital ⁽³⁾
Mr. Chong Ming Ting ⁽¹¹⁾	Interest in controlled corporation Beneficial owner	21,662,000		
		H Shares (L)		
	Interest of spouse	120,000		
		H Shares (L)		
		330,000		
		H Shares (L)		
		22,112,000	12.28%	3.25%
		H Shares (L)		
Grand Wealth (HK) Investment Limited	Beneficial owner	21,662,000	12.03%	3.19%
		H Shares (L)		
Mr. Xu Yingyi	Beneficial owner	11,508,000	6.39%	1.69%
		H Shares (L)		

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in Domestic Shares or H Shares (as the case may be).
- (2) The calculation is based on the percentage of shareholding in Domestic Shares or H Shares (as the case may be) as of 30 June 2024.
- (3) The calculation is based on the total number of 680,000,000 Shares in issue which comprised of 180,000,000 H Shares and 500,000,000 Domestic Shares as of 30 June 2024.
- (4) The disclosed interest represents the interest in the Company held by Xiamen Shunyingtong which is in turn approximately 50% owned by Xiamen Jiayucheng, a company wholly owned by Ms. Wu Di, and approximately 50% owned by Xiamen Yulang Gongwu, which is wholly owned by Hoi Pok (Hong Kong) Trading Company (海博(香港)貿易公司), a company wholly owned by Mr. Tsai Hiu Chuk. Therefore, each of Xiamen jiayucheng, Xiamen Yulang Gongwu, Ms. Wu Di and Mr. Tsai Hiu Chuk is deemed to be interested in Xiamen Shunyingtong's interest in the Company by virtue of the SFO.
- (5) Quanzhou Yuanpeng is directly interested in approximately 11.45% of the issued Domestic Shares. The disclosed interest represents the interest in the Company held by Quanzhou Yuanpeng, which is in turn wholly owned by Wealth Success, a company wholly owned by Ms. Hong Jingxiao. Therefore, each of Wealth Success and Ms. Hong Jingxiao is deemed to be interested in Quanzhou Yuanpeng's interest in the Company by virtue of the SFO.
- (6) The disclosed interest represents the interest in the Company held by Fujian Panpan, which is in turn approximately 80% owned by Mr. Cai Jinan. Therefore, Mr. Cai Jinan is deemed to be interested in Fujian Panpan's interest in the Company by virtue of the SFO.
- (7) The disclosed interest represents the interest in the Company held by Quanzhou Haoxiang, which is in turn approximately 61.08% owned by Fujian Haoxiang Gardening, a company owned as 63.33% by Mr. Jiang Haiying, approximately 34.05% owned by Mr. Jiang Haiying and approximately 4.87% owned by Fujian Huian Haoda. Therefore, Fujian Haoxiang Gardening is deemed to be interested in Quanzhou Haoxiang's interest in the Company by virtue of the SFO.

Other Information

- (8) Cheer Spread Enterprise Limited is directly interested in approximately 20.81% of the issued H Shares. The disclosed interest represents the interest in the Company held by Cheer Spread Enterprise Limited, which is wholly owned by Glory Asiapac Holdings Limited, a company 100% owned by Mr. Tsai Hiu Chuk. Therefore, each of Glory Asiapac Holdings Limited and Mr. Tsai Hiu Chuk is deemed to be interested in Cheer Spread Enterprise Limited's interest in the Company by virtue of the SFO.
- (9) Good Rising Investments Limited is directly interested in approximately 16.36% of the issued H Shares. The disclosed interest represents the interest in the Company held by Good Rising Investments Limited, which is wholly owned by Pleasant Advent Limited, a company wholly owned by Ms. Wong Sze Ying Chloe. Therefore, each of Pleasant Advent Limited and Ms. Wong Sze Ying Chloe is deemed to be interested in Good Rising Investment Limited's interest in the Company by virtue of the SFO.
- (10) Ms. Cheng Chau Yuet is deemed to be interested in the 21,782,000 H Shares held by her spouse Mr. Chong Ming Ting by virtue of the SFO.
- (11) Grand Wealth (HK) Investment Limited is directly interested in approximately 12.03% of the issued H Shares. The disclosed interest represents the interest in the Company held by Grand Wealth (HK) Investment Limited, which is wholly owned by Mr. Chong Ming Ting. Therefore, Mr. Chong Ming Ting is deemed to be interested in Grand Wealth (HK) Investment Limited's interest in the Company by virtue of the SFO. In addition, Mr. Chong Ming Ting is deemed to be interested in the 330,000 H Shares held by his spouse Ms. Cheng Chau Yuet by virtue of the SFO.

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

Corporate Governance Report

Our Group is committed to maintaining high standards of corporate governance and protecting the interests of its Shareholders in an open manner. The Board and the management of the Company has adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and reviewed its corporate governance practice from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions.

Updates on Directors' and Supervisors' Information

There was no change in the information of the Directors and Supervisors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the Board meeting approving the 2023 annual report up to the date of the Board meeting approving this report.

Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct for carrying out securities transactions of the Company by the Directors and Supervisors. After specific enquiry with all Directors and Supervisors, they have confirmed fully compliance with the relevant standards stipulated in the Model Code during the Reporting Period.

Other Information

Purchase, Sale or Redemption of the Company's Listed Securities

Our Group has not purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2024 (including sale of treasury Shares, if any).

Interim Dividend

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

Events After the Reporting Period

Save as disclosed in the note 31 to the interim condensed consolidated financial information, no significant event after the Reporting Period needs to be disclosed.

Audit Committee

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by our Group, internal controls and financial report matters, and our Group's policies and practices on corporate governance. The unaudited interim report has been reviewed by the Audit Committee and the auditor of the Company, Ernst & Young. There is no disagreement by the auditor of the Company or the Audit Committee with the accounting treatment adopted by the Company.

Independent Review Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道979號
太古坊一座27樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the board of directors of Quanzhou Huixin Micro-credit Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 28 to 58, which comprises the condensed consolidated statement of financial position of Quanzhou Huixin Micro-credit Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2024 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong
27 August 2024

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2024

(Amounts expressed in RMB unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
Interest income	5	58,957,248	68,388,908
Interest expense	5	(278,120)	(284,615)
Interest income, net		58,679,128	68,104,293
Impairment losses on loans and accounts receivables, net	6	(17,734,199)	(13,819,763)
Operating and administrative expenses		(10,830,673)	(10,208,452)
Foreign exchange gain, net		43,836	235,081
Net gains on financial assets	7	12,387,004	7,823,171
Provision for a contingent liability		—	(116,531)
Other income and gains	8	4,543,054	4,226,920
Other expense		(368,980)	—
PROFIT BEFORE TAX	9	46,719,170	56,244,719
Income tax expense	10	(10,088,325)	(13,451,577)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		36,630,845	42,793,142
Attributable to:			
Owners of the parent		33,251,157	34,826,363
Non-controlling interests		3,379,688	7,966,779
		36,630,845	42,793,142
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		0.05	0.05
Diluted		0.05	0.05

Interim Condensed Consolidated Statement of Financial Position

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
ASSETS			
Cash and cash equivalents	13	148,495,199	111,484,915
Financial assets at fair value through profit or loss	14	249,238,714	249,672,915
Loans and accounts receivables	15	764,302,556	861,548,743
Property, plant and equipment	16	9,109,744	8,054,647
Investment properties	17	63,861,421	—
Right-of-use assets	18	1,344,740	1,829,348
Goodwill	19	14,729,281	14,729,281
Other intangible assets		98,539	105,733
Deferred tax assets	20	32,529,080	32,590,525
Other assets	21	12,004,545	22,861,438
TOTAL ASSETS		1,295,713,819	1,302,877,545
LIABILITIES			
Interest-bearing borrowing	22	8,860,960	9,894,844
Financial liabilities at fair value through profit or loss		—	842,127
Lease liabilities	18	1,293,033	1,742,671
Income tax payable		1,375,914	11,549,013
Deferred tax liabilities	20	101,561	—
Other payables	23	39,654,820	10,327,378
TOTAL LIABILITIES		51,286,288	34,356,033
NET ASSETS		1,244,427,531	1,268,521,512
EQUITY			
Equity attributable to owners of the parent			
Share capital	24	680,000,000	680,000,000
Reserves	25	170,053,639	170,210,456
Retained profits		308,136,064	308,884,907
Equity attributable to owners of the parent		1,158,189,703	1,159,095,363
Non-controlling interests		86,237,828	109,426,149
TOTAL EQUITY		1,244,427,531	1,268,521,512

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

(Amounts expressed in RMB unless otherwise stated)

	For the six months ended 30 June 2024 (Unaudited)								
	Attributable to owners of the parent								
	Reserves						Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General reserve	Retained profits				
At 1 January 2024 (Audited)	680,000,000	75,390,551	75,765,492	19,054,413	308,884,907	1,159,095,363	109,426,149	1,268,521,512	
Net profit and total comprehensive income for the period	—	—	—	—	33,251,157	33,251,157	3,379,688	36,630,845	
Distribution to shareholders (Note 11)	—	—	—	—	(34,000,000)	(34,000,000)	(8,177,677)	(42,177,677)	
Equity transactions with non-controlling interests	—	(156,817)	—	—	—	(156,817)	(18,390,332)	(18,547,149)	
Balance as at 30 June 2024 (Unaudited)	680,000,000	75,233,734	75,765,492	19,054,413	308,136,064	1,158,189,703	86,237,828	1,244,427,531	

	For the six months ended 30 June 2023 (Unaudited)								
	Attributable to owners of the parent								
	Reserves						Total	Non-controlling interests	Total equity
	Share capital	Capital reserve	Surplus reserve	General reserve	Retained profits				
At 1 January 2023 (Audited)	680,000,000	75,390,551	69,662,030	17,912,377	285,315,477	1,128,280,435	111,037,742	1,239,318,177	
Net profit and total comprehensive income for the period	—	—	—	—	34,826,363	34,826,363	7,966,779	42,793,142	
Appropriation to general reserve	—	—	—	946,624	(946,624)	—	—	—	
Distribution to shareholders	—	—	—	—	(34,000,000)	(34,000,000)	(6,957,000)	(40,957,000)	
Balance as at 30 June 2023 (Unaudited)	680,000,000	75,390,551	69,662,030	18,859,001	285,195,216	1,129,106,798	112,047,521	1,241,154,319	

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024
(Amounts expressed in RMB unless otherwise stated)

	Notes	Six months ended 30 June	
		2024 (Unaudited)	2023 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		46,719,170	56,244,719
Adjustments for:			
Unrealised fair value changes in financial instruments at fair value through profit or loss		(13,692,145)	4,921,638
Depreciation of property and equipment		837,557	995,068
Depreciation of repossessed assets		—	40,536
Depreciation of right-of-use assets		484,608	585,360
Amortisation of other intangible assets		81,249	248,762
Depreciation of investment properties		368,876	—
Impairment of loans and accounts receivables	6	17,734,199	13,819,763
Accreted interest on impaired loans		(16,887,589)	(8,650,676)
Provision for a contingent liability		—	116,531
Foreign exchange gain, net		(43,836)	(235,081)
Loss on disposal of a subsidiary		—	602
Gain on disposal of items of property, plant and equipment		(438)	—
Interest expense	5	278,120	284,615
		35,879,771	68,371,837
Decrease in financial assets at fair value through profit or loss		13,284,220	45,294,063
Decrease/(increase) in loans and accounts receivables		96,399,577	(64,859,986)
(Increase)/decrease in other assets		(2,186,278)	6,680,220
Decrease in financial liabilities at fair value through profit or loss		—	(320,000)
Decrease in other payables		(4,614,006)	(47,313,450)
Net cash flows from operating activities before tax		138,763,284	7,852,684
Income tax paid		(20,098,418)	(20,573,620)
Net cash flows from/(used in) operating activities		118,664,866	(12,720,936)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property and equipment, other intangible assets and other long-term assets		(53,224,698)	(9,524)
Disposal of items of property and equipment		12,748	—
Disposal of a subsidiary		—	(602)
Net cash flows used in investing activities		(53,211,950)	(10,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing borrowing		(87,000)	(29,432,875)
Interest paid		(1,190,138)	(101,725)
Dividends paid to non-controlling shareholders		(8,177,677)	(6,957,000)
Principal portion of lease payments		(484,504)	(618,648)
Acquisition of non-controlling interests		(18,547,149)	—
Net cash flows used in financing activities	26	(28,486,468)	(37,110,248)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the period		111,484,915	131,077,717
Effect of foreign exchange rate changes, net		43,836	235,081
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	13	148,495,199	81,471,488

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

1. Corporate and Group Information

Quanzhou Huixin Micro-credit Co., Ltd. (the “**Company**”) was established as a limited liability company in the People’s Republic of China (the “**PRC**”) on 8 January 2010. The Company is a joint stock company incorporated in the PRC and its registered office is located at 12th Floor, Former Finance Building, No. 361, Feng Ze Street, Quanzhou City, Fujian Province, the PRC.

During the period, the principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) were the provision of loans to small and medium enterprises (“**SMEs**”), micro-enterprises and entrepreneurial individuals, treasury operation and investment consulting services.

Information about subsidiaries

As at 30 June 2024, the following list contains the particulars of the main subsidiaries which affected the results, assets or liabilities of the Group:

Name	Place of incorporation and kind of legal entity	Registered capital	Paid-up capital	Percentage of ownership interest held by the Company		Principal activities and place of operation
				Direct	Indirect	
Quanzhou Huixinxing Investment Co., Ltd. (“ Huixinxing ”)	Quanzhou, China Corporation	RMB 50,000,000	RMB 50,000,000	100.0%	—	Investment and advisory services, Quanzhou
Quanzhou Huizhixin Investment Co., Ltd. (“ Huizhixin ”)*	Quanzhou, China Corporation	United States dollars (“ USD ”) 10,000,000	USD 10,000,000	—	99.0%	Investment, Quanzhou
Jinjiang Huixin Microfinance Co., Ltd. (“ JJHX ”)	Jinjiang, China Corporation	RMB 320,000,000	RMB 320,000,000	76.8%	—	Provision of micro-credit, Jinjiang
Fujian Huishangxing Asset Operation Co., Ltd.	Jinjiang, China Corporation	RMB 10,000,000	RMB 500,000	—	100.0%	Investment, Jinjiang
Jinjiang Houdexin Information Service Co., Ltd.	Jinjiang, China Corporation	RMB 5,000,000	RMB 500,000	—	100.0%	Information technology advisory services, Jinjiang
Xiamen Huihengcheng Trading Co., Ltd.	Xiamen, China Corporation	RMB 5,078,000	RMB 5,078,000	—	100.0%	Wholesale, Xiamen
Jinjiang Huijincheng Investment Consulting Co., Ltd.	Jinjiang, China Corporation	RMB 5,000,000	RMB 500,000	—	100.0%	Management advisory services, Jinjiang
Sichuan Puquan Trading Co., Ltd.	Sichuan, China Corporation	RMB 10,000,000	RMB 10,000,000	—	100.0%	Wholesale, Sichuan
Sichuan Xianpai Lingzhi Group Limited (“ Sichuan Xianpai ”)**	Sichuan, China Corporation	RMB 40,000,000	RMB 40,000,000	—	100.0%	Food manufacturing, Sichuan

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

- * In January 2024, Huixinxing acquired an aggregate of 24% of the equity interests in Huizhixin from other shareholders with a consideration of RMB18,547,149. Upon completion of the acquisitions, the percentage of equity interests held by the Company increased to 99%.
- ** In February 2024, as from the date when the Group fully settled the consideration of RMB65.0 million, the administrator of Sichuan Xianpai was applying to the Chengdu Intermediate Court for the release of equity pledge and sequestration, and assisting the Group in the transfer of the legal title of the shareholding. In April 2024, equity change registration procedures have been completed and the Group has obtained the entire equity interests of Sichuan Xianpai.
- *** A subsidiary of the Group, Fujian Huichangfu Real Estate Agency Co., Ltd., was dissolved on 12 June 2024.

2. Basis of Preparation

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with *HKAS 34 Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023. The interim condensed consolidated financial information is presented in Renminbi ("**RMB**").

3. Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised HKFRSs for the first time for the current period's financial information, and other material accounting policies not applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

3.1 Changes in accounting policies and disclosures

The Group has adopted the following revised HKFRSs for the first time for the current period's financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the " 2020 Amendments ")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the " 2022 Amendments ")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

3. Accounting Policies (Continued)

3.1 Changes in accounting policies and disclosures (Continued)

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

3. Accounting Policies (Continued)

3.2 Other material accounting policies

The other material accounting policies not applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023:

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives after taking into account their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Depreciation is calculated on the straight-line basis to write off the cost of each item of investment properties to its residual value over its estimated useful life. The estimated useful life and principal annual rates used for this purpose are as follows:

Category	Estimated useful life	Estimated residual rate	Annual depreciation rate
Land and buildings	27.4 years	5%	3.5%

4. Segment Reporting

Almost all of the Group's revenue was generated from the micro-credit business. The Company's chief operating decision makers focus on the operating results of the Group as a whole. Accordingly, no segment analysis or information about the Group's products and services is presented.

Geographical information

Almost all of the Group's revenue generated from external customers and assets were located in Quanzhou, Fujian Province in the PRC during the period.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

5. Interest Income

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest income on:		
Loans and accounts receivables	58,957,248	68,388,908
Interest expense on:		
Margin loans	(243,254)	(265,453)
Lease liabilities	(34,866)	(19,162)
Interest income, net	58,679,128	68,104,293

6. Impairment Losses on Loans and Accounts Receivables

The table below shows the expected credit loss (“ECL”) charges on the financial instruments recorded in profit or loss for the period:

Six months ended 30 June 2024	Stage 1 Collective (Unaudited)	Stage 2 Collective (Unaudited)	Stage 3 (Unaudited)	Total (Unaudited)
Loans and accounts receivables	(857,625)	(1,217,299)	19,809,123	17,734,199
Total impairment losses	(857,625)	(1,217,299)	19,809,123	17,734,199
Six months ended 30 June 2023	Stage 1 Collective (Unaudited)	Stage 2 Collective (Unaudited)	Stage 3 (Unaudited)	Total (Unaudited)
Loans and accounts receivables	474,653	(936,058)	14,281,168	13,819,763
Total impairment losses	474,653	(936,058)	14,281,168	13,819,763

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

7. Net Investment Gains

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Loss on disposal of a subsidiary	—	(602)
Dividends and other income	1,411,932	3,764,735
Net realised (losses)/gains	(2,717,073)	8,980,676
Financial assets at fair value through profit or loss	(1,874,946)	8,980,676
Financial liabilities at fair value through profit or loss	(842,127)	—
Unrealised gains/(losses)	13,692,145	(4,921,638)
Financial assets at fair value through profit or loss	12,850,018	4,186,513
Financial liabilities at fair value through profit or loss	842,127	(9,108,151)
Total	12,387,004	7,823,171

8. Other Income and Gains, Net

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Government grants	3,643,651	3,021,757
Interest from bank deposits	783,226	702,081
Gain on disposal of items of property, plant and equipment	438	—
Others	115,739	503,082
Total	4,543,054	4,226,920

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

9. Profit Before Tax

The Group's profit before tax is arrived at after charging:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Depreciation and amortisation	1,772,290	1,869,726
Staff costs:		
Salaries, bonuses and allowances	4,832,037	4,691,608
Other social welfare	978,783	934,935
Impairment losses on loans and accounts receivables	17,734,199	13,819,763
Auditor's remuneration	471,698	471,698

10. Income Tax Expense

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Current income tax	9,925,319	15,783,143
Deferred income tax	163,006	(2,331,566)
Total	10,088,325	13,451,577

The Group conducts all of its businesses in Mainland China and the applicable income tax rate is generally 25%, except for some subsidiaries of the Group which are qualifying entities under the lower income tax rate in accordance with the PRC Corporate Income Tax Law, which was approved and became effective on 1 January 2008.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

10. INCOME TAX EXPENSE (Continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the Group is domiciled to the tax expense at the effective tax rate is as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Profit before tax	46,719,170	56,244,719
Tax at the applicable tax rate of 25%	11,679,792	14,061,180
Lower tax rate for specific provinces or enacted by local authority	114,062	(106,428)
Adjustments in respect of current tax and deferred tax of previous periods	(1,643,155)	28,775
Income not subject to tax	(105,543)	(577,862)
Expenses not deductible for tax purposes	18,592	36,497
Tax losses utilised from previous periods	—	(8,532)
Tax losses not recognised	24,577	17,947
Total tax expense for the period at the Group's effective tax rate	10,088,325	13,451,577

11. Dividends

A dividend of RMB0.05 per ordinary share in respect of the profit for the year ended 31 December 2023 amounting to RMB34 million was approved at the annual general meeting of the Company held on 7 June 2024. The dividend of RMB34 million was not distributed and recorded in other liabilities as at 30 June 2024. Such dividend was distributed on 15 August 2024.

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

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

12. Earnings Per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period, as adjusted to reflect the rights issue during the period.

No adjustment has been made to the basic earnings per share amount presented for the period in respect of a dilution as the Company had no potentially dilutive ordinary shares in issue during the period.

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	33,251,157	34,826,363
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	680,000,000	680,000,000
Basic and diluted earnings per share	0.05	0.05

13. Cash and Cash Equivalents

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Cash on hand	20,436	1,675
Cash at banks	146,939,382	110,075,853
Cash equivalents	1,535,381	1,407,387
Total	148,495,199	111,484,915

At the end of the Reporting Period, the cash and bank balances of the Group denominated in USD amounted to RMB3,255,527 (31 December 2023: RMB4,588,031). Cash at banks earns interest at floating rates based on daily bank deposit rates.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

14. Financial Assets at Fair Value through Profit or Loss

	Notes	30 June 2024 (Unaudited)	31 December 2023 (Audited)
At fair value through profit or loss			
Wealth management products	(a) (b)	20,139,638	70,327,086
Structured deposits	(b)	40,000,000	—
Listed equity investments	(c)	141,195,343	127,650,290
Listed funds		473,733	4,265,539
Designated as at fair value through profit or loss	(d)		
Unlisted equity investments and private equity funds		47,430,000	47,430,000
Total		249,238,714	249,672,915

- (a) Wealth management products purchased from time to time, which are held for a relatively short period of time, were offered by licensed commercial banks in the PRC.
- (b) Wealth management products and structured deposits were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.
- (c) The listed equity investments were classified as financial assets at fair value through profit or loss as they were held for trading.
- (d) The unlisted equity investments and private equity funds were designated as at fair value through profit or loss on the basis that they are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Group.

15. Loans and Accounts Receivables

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Loans receivable	836,634,019	928,988,756
Lease receivables	247,674	292,791
Less: Unearned finance income	(54,702)	(56,392)
Net lease receivables	192,972	236,399
Less: Allowance for impairment		
— Individually assessed	(63,944,385)	(57,021,438)
— Collectively assessed	(8,580,050)	(10,654,974)
Total	764,302,556	861,548,743

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

15. Loans and Accounts Receivables (Continued)

The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk. Overdue balances are reviewed regularly by management.

The Group's loans receivable consisted of credit loans, guaranteed loans and collateral-backed loans. As at 30 June 2024, 19.6% (31 December 2023: 15.7%) of loans receivable were guaranteed loans, and 80.4% (31 December 2023: 84.1%) of loans receivable were collateral-backed loans. As at 30 June 2024, the Group's loans receivable included an amount of RMB104.8 million (31 December 2023: RMB130.9 million) to customers for their purpose of purchasing non-performing loans ("NPLs") and the related collateral items from asset management companies and banks.

An analysis of changes in the gross carrying amounts and the corresponding ECL allowances in relation to loans and accounts receivables is as follows:

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
Gross carrying amount as at 1 January 2023 (Audited)	510,697,660	124,035,824	223,382,554	858,116,038
New	1,148,620,581	—	—	1,148,620,581
Repayment	(1,042,769,956)	(6,350,151)	(30,430,855)	(1,079,550,962)
Transfer to Stage 1	24,000,000	(24,000,000)	—	—
Transfer to Stage 2	(94,658,269)	94,658,269	—	—
Transfer to Stage 3	(66,220,000)	(12,850,000)	79,070,000	—
Recovery of loans and accounts receivables written off	—	—	2,039,498	2,039,498
At 31 December 2023 (Audited)	479,670,016	175,493,942	274,061,197	929,225,155
New	481,974,170	—	—	481,974,170
Repayment	(550,022,170)	(7,343,303)	(21,008,274)	(578,373,747)
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(18,199,287)	18,199,287	—	—
Transfer to Stage 3	—	—	—	—
Recovery of loans and accounts receivables written off	—	—	4,001,413	4,001,413
At 30 June 2024 (Unaudited)	393,422,729	186,349,926	257,054,336	836,826,991

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and borrowers' creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards, such as criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECLs and forward-looking information.

Notes to the Interim Condensed Consolidated Financial Information

30 June 2024

(Amounts expressed in RMB unless otherwise stated)

15. Loans and Accounts Receivables (Continued)

	Stage 1 Collective	Stage 2 Collective	Stage 3	Total
ECL allowances as at 1 January 2023 (Audited)	3,392,291	4,593,262	50,736,845	58,722,398
Net charge/(reversal) of impairment	2,703,732	(829,747)	9,382,771	11,256,756
Transfer to Stage 1	855,975	(855,975)	—	—
Transfer to Stage 2	(509,254)	509,254	—	—
Transfer to Stage 3	(320,992)	(537,772)	858,764	—
Accreted interest on impaired loans	—	—	(19,283,028)	(19,283,028)
Impact on period end ECLs of exposures transferred between stages during the year	(614,267)	2,268,467	13,286,588	14,940,788
Recovery of loans and accounts receivables written off	—	—	2,039,498	2,039,498
At 31 December 2023 (Audited)	5,507,485	5,147,489	57,021,438	67,676,412
Net charge/(reversal) of impairment	(640,172)	(1,661,774)	19,809,123	17,507,177
Transfer to Stage 1	—	—	—	—
Transfer to Stage 2	(217,453)	217,453	—	—
Transfer to Stage 3	—	—	—	—
Accreted interest on impaired loans	—	—	(16,887,589)	(16,887,589)
Impact on period end ECLs of exposures transferred between stages during the period	—	227,022	—	227,022
Recovery of loans and accounts receivables written off	—	—	4,001,413	4,001,413
At 30 June 2024 (Unaudited)	4,649,860	3,930,190	63,944,385	72,524,435

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(Amounts expressed in RMB unless otherwise stated)

16. Property, Plant and Equipment

	Buildings	Leasehold improvements	Plants and machineries	Furniture and others	Total
Cost:					
At 1 January 2023 (Audited)	7,128,280	5,280,826	—	5,428,853	17,837,959
Additions	—	49,805	—	70,034	119,839
At 31 December 2023 (Audited)	7,128,280	5,330,631	—	5,498,887	17,957,798
Additions	—	—	—	1,135,260	1,135,260
Acquisition	—	—	769,703	—	769,703
Disposals	—	—	—	(246,184)	(246,184)
At 30 June 2024 (Unaudited)	7,128,280	5,330,631	769,703	6,387,963	19,616,577
Accumulated depreciation:					
At 1 January 2023 (Audited)	702,050	3,890,784	—	3,340,005	7,932,839
Depreciation charge for the year	338,565	843,754	—	787,993	1,970,312
At 31 December 2023 (Audited)	1,040,615	4,734,538	—	4,127,998	9,903,151
Depreciation charge for the period	169,282	424,242	—	244,033	837,557
Disposals	—	—	—	(233,875)	(233,875)
At 30 June 2024 (Unaudited)	1,209,897	5,158,780	—	4,138,156	10,506,833
Net carrying amount:					
At 30 June 2024 (Unaudited)	5,918,383	171,851	769,703	2,249,807	9,109,744
At 31 December 2023 (Audited)	6,087,665	596,093	—	1,370,889	8,054,647

As disclosed in note 1 to the interim condensed consolidated financial information, the Group has obtained the plants and machineries after obtaining the entire equity interests of Sichuan Xianpai in April 2024. The carrying values of the plants and machineries are allocated at their relative fair values at the acquisition date based on the acquisition consideration of Sichuan Xianpai.

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17. Investment Properties

	Land and buildings
Cost:	
At 1 January 2024 (Audited)	—
Acquisition	64,230,297
At 30 June 2024 (Unaudited)	64,230,297
Accumulated depreciation:	
At 1 January 2024 (Audited)	—
Depreciation charge for the period	(368,876)
At 30 June 2024 (Unaudited)	(368,876)
Net carrying amount:	
At 30 June 2024 (Unaudited)	63,861,421
Fair value	
At 30 June 2024 (Unaudited)	92,580,000

Investment properties are located at Chengdu, Sichuan Province in the PRC. As disclosed in note 1 to the interim condensed consolidated financial information, the Group obtained the properties when acquisition of the entire equity interests of Sichuan Xianpai in April 2024.

The fair values of the investment properties as at 30 June 2024 were estimated by the Group, based on valuations performed by independent valuers. They fall within Level 3 in the fair value hierarchy.

The certificates of some properties was not obtained, the directors of the Company believe that there is no significant impact on the Group's financial statements.

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18. Leases

The Group as a lessee

The Group has lease contracts for various items of property used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options, which are further discussed below.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the period are as follows:

	Properties
At 1 January 2023 (Audited)	1,112,194
Additions	1,585,621
Depreciation charge	(868,467)
At 31 December 2023 (Audited)	1,829,348
Depreciation charge	(484,608)
At 30 June 2024 (Unaudited)	1,344,740

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period are as follows:

	Lease liabilities
Carrying amount at 1 January 2023 (Audited)	1,191,218
New leases	1,585,621
Accretion of interest recognised during the year	173,431
Payments	(1,207,599)
Carrying amount at 31 December 2023 (Audited)	1,742,671
Accretion of interest recognised during the period	34,866
Payments	(484,504)
Carrying amount at 30 June 2024 (Unaudited)	1,293,033

The maturity analysis of lease liabilities is disclosed in note 29 to the interim condensed consolidated financial information.

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(Amounts expressed in RMB unless otherwise stated)

18. Leases (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Interest on lease liabilities	34,866	19,162
Depreciation charge for right-of-use assets	484,608	585,360
Expense relating to leases of low-value assets (included in operating and administrative expenses)	97,984	55,828
Total amount recognised in profit or loss	617,458	660,350

(d) The total cash outflow for leases is disclosed in note 26(b) to the interim condensed consolidated financial information. As at 30 June 2024, there were no future cash outflows relating to leases that have not yet commenced.

19. Goodwill

Cost at 1 January 2023, net of accumulated impairment (Audited)	14,729,281
Impairment during the year	—
At 31 December 2023 (Audited)	14,729,281
At 31 December 2023 (Audited)	
Cost	16,950,298
Accumulated impairment	(2,221,017)
Net carrying amount	14,729,281
Cost at 1 January 2024, net of accumulated impairment (Audited)	14,729,281
Impairment during the period	—
At 30 June 2024 (Unaudited)	14,729,281
At 30 June 2024 (Unaudited)	
Cost	16,950,298
Accumulated impairment	(2,221,017)
Net carrying amount	14,729,281

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20. Deferred Tax

The movements in the deferred tax assets and liabilities are as follows:

Gross deferred tax assets

	Impairment allowance for loans	Fair value adjustments of financial assets at fair value through profit or loss	Fair value adjustments of financial liabilities at fair value through profit or loss	Provision for a contingent liability	Deductible tax loss	Lease liabilities	Total
At 1 January 2023 (Audited)	16,284,074	7,615,260	282,975	3,278,564	—	—	27,460,873
Recognised in profit or loss	1,945,016	3,074,743	(72,443)	29,133	153,203	457,337	5,586,989
At 31 December 2023 (Audited)	18,229,090	10,690,003	210,532	3,307,697	153,203	457,337	33,047,862
Recognised in profit or loss	3,375,830	(3,191,076)	(210,532)	—	12,576	(121,152)	(134,354)
At 30 June 2024 (Unaudited)	21,604,920	7,498,927	—	3,307,697	165,779	336,185	32,913,508

Gross deferred tax liabilities

	Right-of-use assets	Fair value adjustments of financial assets at fair value through profit or loss	Total
At 1 January 2023 (Audited)	—	1,154,832	1,154,832
Recognised in profit or loss	457,337	(1,154,832)	(697,495)
At 31 December 2023 (Audited)	457,337	—	457,337
Recognised in profit or loss	(121,152)	149,804	28,652
At 30 June 2024 (Unaudited)	336,185	149,804	485,989

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(Amounts expressed in RMB unless otherwise stated)

20. Deferred Tax (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the interim condensed consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Net deferred tax assets recognised in the interim condensed consolidated statement of financial position	32,529,080	32,590,525
Net deferred tax liabilities recognised in the interim condensed consolidated statement of financial position	101,561	—

The Group has tax losses arising in Mainland China of RMB98,309 during the period (for the year ended 31 December 2023: Nil) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time.

21. Other Assets

	Note	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Reposessed assets	(a)	8,060,000	8,060,000
Prepayment and deposit		—	13,000,000
Other receivables		3,779,027	1,609,249
Deferred and prepaid expenses		165,518	192,189
Total		12,004,545	22,861,438

- (a) Reposessed assets are properties located at Quanzhou, Fujian Province in the PRC. The contracts which effect the repossession of the properties have been signed and registered with the local authority. The certificates of some properties with a carrying amount of RMB8,060,000 (31 December 2023: RMB8,060,000) have not been obtained because these properties are still under development.

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22. Interest-bearing Borrowing

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Margin loan payable: Within one year	8,860,960	9,894,844

As at 30 June 2024, the annual interest rate of the loan above was 5.00% (31 December 2023: 5.00%).

The margin loan payable of RMB8.9 million as at 30 June 2024 (31 December 2023: RMB9.9 million) was secured by the pledge of certain listed equity investments amounting to RMB25,011,271 (31 December 2023: RMB25,159,011).

23. Other Payables

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Dividends payable	34,000,000	—
Payrolls payable	1,487,537	3,603,799
Value-added tax, and surcharges payable	743,975	1,666,111
Deposits received	100,000	200,000
Others	3,323,308	4,857,468
Total	39,654,820	10,327,378

24. Share Capital

	30 June 2024 (Unaudited)	31 December 2023 (Audited)
Issued and fully paid ordinary shares of RMB1 each	680,000,000	680,000,000

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25. Reserves

The amounts of the Group's reserves and the movements therein for the period are presented in the interim condensed consolidated statement of changes in equity.

Capital reserve

The capital reserve comprises share premium, which represents the difference between the par value of the shares of the Company and the proceeds received from the issuance of the shares of the Company.

Surplus reserve

The surplus reserve comprises the statutory surplus reserve and the discretionary surplus reserve.

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

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

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

General reserve

In accordance with the relevant regulations, the Company and one of its subsidiaries, JJHX, are required to set aside a general reserve through appropriations of profit after tax on an annual basis, and the balance of the general reserve should reach 1.5% of its risk assets. Such reserve is not available for profit distribution or transfer to capital. As at 30 June 2024, the balance of the general reserve of the Group was RMB19.1 million (31 December 2023: RMB19.1 million), which is not lower than 1.5% of its risk assets.

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(Amounts expressed in RMB unless otherwise stated)

26. Notes to the Interim Condensed Consolidated Statement of Cash Flows

(a) Changes in liabilities arising from financing activities

	Interest-bearing borrowing and interest payable	Lease liabilities	Amounts due to shareholders	Amounts due to non-controlling shareholders
At 1 January 2024 (Audited)	9,894,844	1,742,671	—	—
Changes from financing cash flows	(1,277,138)	(484,504)	—	(26,724,826)
2023 final dividend payable	—	—	34,000,000	8,177,677
Acquisition of non-controlling interests	—	—	—	18,547,149
Interest expense	243,254	34,866	—	—
At 30 June 2024 (Unaudited)	8,860,960	1,293,033	34,000,000	—

	Interest-bearing borrowing and interest payable	Lease liabilities	Amounts due to shareholders	Amounts due to non-controlling shareholders
At 1 January 2023 (Audited)	38,919,190	1,191,218	—	—
Changes from financing cash flows	(29,534,600)	(618,648)	—	(6,957,000)
2022 final dividend payable	—	—	34,000,000	6,957,000
Interest expense	265,453	19,162	—	—
At 30 June 2023 (Unaudited)	9,650,043	591,732	34,000,000	—

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Within operating activities	97,984	55,828
Within financing activities	484,504	618,648
Total	582,488	674,476

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27. Related Party Disclosures

(a) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Salaries and other short-term employee benefits	980,057	958,062

(b) Loan facilitation services

During the Reporting Period, the Group provided loan facilitation services to a related party, Fujian Baiying Pawn Co., Ltd., and received a fee of RMB27,021 (for the six months ended 30 June 2023: RMB40,899).

(c) Entrusted loans

Xiamen Siming Baiying Micro-credit Co., Ltd. (“**Siming Baiying**”) was contracted to manage the administration and collection of entrusted loans, on behalf of the Group. In this regard, Siming Baiying granted loans to borrowers, as an intermediary, at the direction of the Group. The Group determined both the underwriting criteria for and all terms of the entrusted loans, including their purposes, amounts, interest rates, and repayment schedules. As at 30 June 2024, the outstanding balance of the loans administered by Siming Baiying was RMB5.8 million (31 December 2023: RMB6.0 million).

(d) Leases and property management fees

	Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Lease payments		
Xiamen Septwolves Asset Management Co., Ltd.	66,716	66,716
Quanzhou Henghe Investment Development Co., Ltd.	417,788	522,235
Lease income		
Fujian Septwolves Group Finance Co., Ltd.	27,222	27,222
Property management fees		
Xiamen Huakajixiang Property Management Co., Ltd.	21,606	—
Quanzhou JixiangFugui Property Management Co., Ltd.	77,751	63,677
Xiamen Huakaifugui Property Management Co., Ltd.	—	26,536

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28. Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liability, guarantees or any other material litigation or claims outstanding or threatened against the Group that could have a material adverse effect on its business, financial condition or results of operations.

29. Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities classified into relevant maturity groupings based on the remaining period from the financial reporting date to the contractual maturity date. For purposes of the table set forth, “Loans and accounts receivables” are considered overdue only if principal payments are overdue. In addition, for loans and accounts receivables that are repayable by instalments, only the portion of the loan that is actually overdue is reported as overdue. Any part of the loan that is not due is reported according to residual maturity:

	30 June 2024 (Unaudited)					Total
	On demand	Overdue/ Undated	Less than 3 months	3 to less than 12 months	After 12 months	
Assets:						
Cash and cash equivalents	148,495,199	—	—	—	—	148,495,199
Financial assets at fair value through profit or loss	20,139,638	189,099,076	40,000,000	—	—	249,238,714
Loans and accounts receivables	—	62,339,951	163,524,813	451,097,387	87,340,405	764,302,556
Other	165,518	—	3,185,220	484,606	129,842,006	133,677,350
Subtotal	168,800,355	251,439,027	206,710,033	451,581,993	217,182,411	1,295,713,819
Liabilities:						
Interest-bearing borrowing	—	—	—	8,860,960	—	8,860,960
Lease liabilities	—	—	228,828	638,301	425,904	1,293,033
Other	—	—	40,357,458	556,982	217,855	41,132,295
Subtotal	—	—	40,586,286	10,056,243	643,759	51,286,288
Net	168,800,355	251,439,027	166,123,747	441,525,750	216,538,652	1,244,427,531

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29. Maturity Analysis of Assets And Liabilities (Continued)

	31 December 2023 (Audited)					Total
	On demand	Overdue/ Undated	Less than 3 months	3 to less than 12 months	After 12 months	
Assets:						
Cash and cash equivalents	111,484,915	—	—	—	—	111,484,915
Financial assets at fair value through profit or loss	70,327,086	179,345,829	—	—	—	249,672,915
Loans and accounts receivables	—	82,020,223	174,422,953	458,237,939	146,867,628	861,548,743
Other	192,190	—	1,397,875	10,178,169	68,402,738	80,170,972
Subtotal	182,004,191	261,366,052	175,820,828	468,416,108	215,270,366	1,302,877,545
Liabilities:						
Interest-bearing borrowing	—	—	975,653	8,919,191	—	9,894,844
Financial liabilities at fair value through profit or loss	—	842,127	—	—	—	842,127
Lease liabilities	—	—	231,604	684,076	826,991	1,742,671
Other	—	—	21,760,038	—	116,353	21,876,391
Subtotal	—	842,127	22,967,295	9,603,267	943,344	34,356,033
Net	182,004,191	260,523,925	152,853,533	458,812,841	214,327,022	1,268,521,512

30. Fair Value and Fair Value Hierarchy of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group's financial assets mainly include cash at banks, financial assets at fair value through profit or loss, and loans and accounts receivables.

The Group's financial liabilities mainly include interest-bearing borrowing, lease liabilities, and other payables.

Due to the short remaining maturity or periodical repricing to reflect the market price, the carrying amounts of these financial assets and liabilities measured at amortised cost approximate to their fair values.

The Group's finance department headed by a director is responsible for determining the policies and procedures for the fair value measurements of financial instruments. The director reports directly to the audit committee. At each reporting date, the Group analyses the movements in the values of financial instruments. The valuation is reviewed and approved by the general manager.

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30. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

The fair values of unlisted equity investments and private equity funds were determined by using appropriate valuation techniques. Valuation techniques include: using recent arm's length market transactions; making reference to the current market value of another instrument that is substantially the same and net assets making as much use of available and supportable market data as possible. The directors believe that the estimated fair values resulting from the valuation techniques, which are recorded in the consolidated statement of financial position, and the related changes in fair values, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2024 (Unaudited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through profit or loss	141,669,076	60,139,638	47,430,000	249,238,714

As at 31 December 2023 (Audited)

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
Financial assets at fair value through profit or loss	131,915,829	70,327,086	47,430,000	249,672,915
Financial liabilities at fair value through profit or loss	—	842,127	—	842,127

During the six months ended 30 June 2024, there were no significant transfers between Level 1 and Level 2 (six months ended 30 June 2023: Nil).

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30. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Significant unobservable input value in Level 3 fair value measurement

As at 30 June 2024 (Unaudited)	Fair value	Valuation techniques and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Unlisted equity investments	3,828,935	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value
Private equity funds	43,601,065	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value

As at 31 December 2023 (Audited)	Fair value	Valuation techniques and key inputs	Significant unobservable inputs	Relationship between unobservable inputs and fair value
Unlisted equity investments	3,828,935	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value
Private equity funds	43,601,065	Adjusted net asset value	Discount for lack of liquidity	The lower the discount, the higher the fair value

The movements in fair value measurements within Level 3 during the period are as follows:

Financial assets at fair value through profit or loss

	2024 (Unaudited)	2023 (Unaudited)
At 1 January	47,430,000	112,613,186
Total gains recognised in profit or loss	—	7,759,412
Disposal	—	(16,000,000)
At 30 June	47,430,000	104,372,598

Financial liabilities at fair value through profit or loss

	2024 (Unaudited)	2023 (Unaudited)
At 1 January	—	(10,356,339)
Total losses recognised in profit or loss	—	(9,108,151)
Disposal	—	320,000
At 30 June	—	(19,144,490)

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31. Events after the Reporting Period

Other than as disclosed in other notes, the Group had no significant events after the Reporting Period.

32. Other Significant Matters

In June 2024, the Group acquired an aggregate of 23% of the equity interests in JJHX from Xiamen Panhong Trading Co., Ltd. with a consideration of RMB82.96 million. In August 2024, equity change registration procedures have been completed and the percentage of equity interests in JJHX held by the Group has increased to 99.8%.

33. Approval of the Interim Condensed Consolidated Financial Information

The interim condensed consolidated financial information was approved and authorised for issue by the Board on 27 August 2024.