



中國金融發展(控股)有限公司

CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3623

2024

INTERIM REPORT

CONTENTS



2	Corporate Information
3	Highlights
4	Chairman's Statement
7	Management Discussion and Analysis
19	Independent Auditor's Report on Review of Condensed Interim Financial Report
20	Condensed Consolidated Statement of Profit or Loss
21	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
22	Condensed Consolidated Statement of Financial Position
23	Condensed Consolidated Statement of Changes in Equity
25	Condensed Consolidated Cash Flow Statement
26	Notes to the Unaudited Condensed Interim Financial Report
49	Other Information



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. ZHANG Tiewei (*Chairman*)
Mr. LI Bin (*Chief Executive Officer*)
Ms. DAI Jing
Mr. XU Kaiying
Mr. PANG Haoquan

Independent non-executive Directors

Mr. TSANG Hung Kei
Mr. AU Tien Chee Arthur
Mr. ZHOU Xiaojiang

BOARD COMMITTEES

Audit Committee

Mr. TSANG Hung Kei (*Chairman*)
Mr. AU Tien Chee Arthur
Mr. ZHOU Xiaojiang

Remuneration Committee

Mr. ZHOU Xiaojiang (*Chairman*)
Mr. ZHANG Tiewei
Mr. TSANG Hung Kei

Nomination Committee

Mr. ZHANG Tiewei (*Chairman*)
Mr. TSANG Hung Kei
Mr. ZHOU Xiaojiang

COMPANY SECRETARY

Mr. PANG Chung Fai Benny

AUTHORISED REPRESENTATIVES

Mr. LI Bin
Mr. PANG Chung Fai Benny

AUDITORS

Forvis Mazars CPA Limited
Certified Public Accountant
42nd Floor, Central Plaza
18 Harbour Road
Wanchai, Hong Kong

REGISTERED OFFICE

Fourth Floor, One Capital Place
P.O. Box 847, Grand Cayman
KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

604
6th Floor
Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong
Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Foshan Rural Commercial Bank Co. Ltd.
Guangdong Heshan Rural
Commercial Bank Co., Ltd.

COMPANY WEBSITE ADDRESS

<http://www.chinasuccessfinance.com>

STOCK CODE

3623

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2024 (RMB' 000)	2023 (RMB'000)	Change In %
REVENUE	54,511	2,926	1,763.0
OTHER REVENUE	1,306	2,709	-51.8
LOSS BEFORE TAXATION	(19,144)	(31,041)	-38.3
LOSS FOR THE PERIOD	(22,063)	(34,898)	-36.8
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	(8,370)	(30,325)	-72.4
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(20,803)	(36,327)	-42.7
BASIC LOSS PER SHARE (RMB PER SHARE)*	(0.02)	(0.05)	-60.0

	AS AT	AS AT	Change In %
	30 JUNE 2024 (RMB' 000)	31 DECEMBER 2023 (RMB'000)	
TOTAL ASSETS	608,496	644,936	-5.7
TOTAL EQUITY	272,288	292,107	-6.8

* Basic loss per share for the six-month period ended 30 June 2023 and 2024 was calculated based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of issued ordinary shares of the Company for the corresponding period. For the six-month period ended 30 June 2023 and 2024, the weighted average number of issued ordinary shares of the Company were 552,307,000 and 552,307,000 ordinary shares, respectively.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of China Success Finance Group Holdings Limited (the “**Company**” or “**China Success Finance**”), I am pleased to present the unaudited condensed interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Period**”).

For the first half of 2024, the global economy saw a slow recovery with a stable growth amidst geopolitical conflicts, the prevailing trade protectionism, inflation, monetary tightening policies and other influence factors.

On Mainland China, 2024 is a crucial year to achieve the objectives of the “14th Five-Year Plan”. In the face of the complicated and severe external environment and multiple domestic difficulties and challenges, the central government develops strategies and makes scientific decisions, and the macro policies take continuous effect, plus the recovery of external demands and the accelerated development of new productive forces, providing new support for the domestic economy, which could be seen from a continuously improved quality of economic development with GDP year-on-year growth of 5.0% in the first half of 2024. In Hong Kong, the SAR Government has developed new impetus for economic growth relying on the development of innovation and technology industry and mega event economy. In the first half of 2024, Hong Kong's economy stabilized and improved with a growth for five consecutive quarters.

During the Period, facing the complicated business environment and weak consumer and credit markets which hindered the Group's business development and caused further difficulty on risk prevention and control, the Group strengthened its risk prevention and control capabilities, steadily developed its traditional businesses, and actively explored the diversified business development, especially the supply chain finance business, laying a solid foundation for a steady and sustainable development of the Group.

The Group continued its prudent and moderate operation and carried out its traditional business in an orderly manner. Regarding the guarantee business, the Group adheres to the business strategy of “risk first, business second”, enhancing the quality and efficiency of guarantee services through various approaches including optimising product and business structures, exploring the technology and finance sectors and strengthening cooperation. During the Period, the Group provided customers with efficient and safe guarantee services based on the guarantee requirements for the product transaction payment in the trading market. In terms of financial leasing business, the Group provided financial leasing service for enterprises settled in the park through exploration, tapped a new potential of leasing business, and provided customers with professional and efficient financial service solutions.

Chairman's Statement

In addition, the Group speeded up efforts to tap the potential of supply chain finance, and has formed a "dual-chain linkage(雙鏈聯動)" model with synchronous development of the hog breeding supply chain and the international energy storage supply chain during the Period. In the hog supply chain business, in the first half of the year, the hog sales prices remained lower than breeding costs. However, after the May Day Holiday, the hogs slaughter price commenced rebounding under the impact of gradually improved supply and demand and moderate increase in pork demand and other factors. During the reporting period, the Group's hog farms produced orderly, recording an increase in both the sale volume and the revenue of market hogs compared with the same period last year. In addition, the Group closely monitored market dynamics and chose a more flexible batch production model from June 2024 to cope with risks including frequently fluctuated hog price and disease prevention. In terms of the international energy storage supply chain business, considering that the energy storage industry has vast potential for future development, the Group accelerated the pace of exploring the international energy storage market, optimized product design and enhanced its own competitiveness, and won market reputation with safe, durable, efficient and convenient energy storage products. During the reporting period, the Group's international energy storage business achieved remarkable results, showing strong development potential.

Looking forward to the second half of 2024, the global economy will still face multiple risks such as geopolitical conflicts, unilateralism and the prevailing trade protectionism in its moderate recovery. Affected by the complex external environment and weak domestic effective demand, the economy of the Mainland China will remain its resilience for the recovery, and macro policies are expected to gradually take effect in the second half of 2024, which will accelerate the accumulation of positive factors supporting the steady improvement of the domestic economy and further consolidate the economic recovery. In Hong Kong, the central government successively implements several policies to benefit Hong Kong, providing a more active atmosphere for Hong Kong's overall development.

In the next stage, the Group will continue the development strategy of "focusing on the core business and driving diversification(聚焦主業、多元驅動)", prudently develop the traditional business, speed up efforts to explore the supply chain finance business, increase its operational resilience with diversified business and ensure its high-quality development. In terms of guarantee business, the Group will further strengthen risk assessment and prevention and control, adhere to the business strategy of "risk first, business second", conduct traditional guarantee business with caution, and flexibly adjust operational strategies and product structure to provide efficient and personalized financial services for customers. In terms of financial leasing business, the Group will rely on several industry favorable policies, continue to explore opportunities to provide financial leasing service for enterprises settled in the park and actively seek out business growth opportunities.

Chairman's Statement

In terms of hog supply chain business, the domestic hog market is expected to show a growth trend in the second half of the year and the hog price will continually increase but may suffer new challenges due to a loose demand and supply as the slaughtering hogs increase in the second half of the year. To lower the operational risk resulted from fluctuations in the hog market and improve economic efficiency, the Group is in contact with a quality hog breeding enterprise with an aim to establish short term cooperative relationships as a surrogate and increase survival rate for breeding with advanced breeding methods and scientific epidemic prevention techniques learned from such excellent hog breeding enterprise. Before the implementation of the cooperative breeding mode, the Group will carry out production based on the scheduled breeding plan. In terms of international energy storage supply chain business, in the face of the potential challenges brought by the international trade environment, the Group will conduct market deployment and control in advance, actively expand overseas quality supplier resources, strengthen local cooperation in South Africa, and accelerate the development of energy storage markets in Australia and Europe and other regions based on steadily exploring existing markets, and expand the Group's energy storage business layout to promote the Group's business growth.

Last but not least, on behalf of the Board, I would like to express my utmost appreciation to all shareholders, clients, business partners for their long-term support and confidence in the Group. In the days to come, we will steadily advance, brave wind and rain and forge ahead in solidarity, reward our Shareholders and investors with excellent progress.

Zhang Tiewei

Chairman and Executive Director

29 August 2024

Management Discussion and Analysis

OVERVIEW

In the first half of 2024, the global economy was in the process of moderate recovery, but the growth momentum was weak. Complicated factors such as high inflation, trade protectionism, and geopolitical conflicts gave rise to greater uncertainty, instability, and imbalance. The global economy still faces considerable downward pressure.

In China, in the first half of 2024, all regions and departments in China had conscientiously implemented the decisions and plans of the Party Central Committee and the State Council, adhered to the principle of pursuing progress while maintaining stability, promoting stability through progress, and establishing before breaking, and effectively implemented various macro policies. The national economic development remained stable while making progress. In the first half of the year, GDP reached RMB61.7 trillion, representing a year-on-year increase of 5.0%, which meant the positive development trend of China's economy would remain unchanged in the long run. However, the current external environment has become more complicated, severe and uncertain, with insufficient domestic effective demand, greater operating pressure on enterprises, and many hidden risks in key areas, which brought further difficulties and challenges in promoting stable economic operation. As for Hong Kong, benefiting from major factors such as accelerated growth in merchandise exports and stronger local investment growth, as well as the SAR government's efforts to cultivate new impetus for economic growth through promoting the development of the innovation and technology industry and promoting the mega event economy, Hong Kong's economy stabilized and improved in the first half of the year, with growth recorded in the fifth consecutive quarter.

In the first half of 2024, the external environment remained severe and complicated. In the context of the current economic uncertainty and instability, external risks remained relatively high; the motivation and confidence of residents and enterprises to increase leverage were weak, and credit demand was still insufficient, and the Group encountered many difficulties and risks while expanding its business. Facing difficulties and risks, the Group adhered to the principle of prudent and steady operation, intensified risk control, and made efforts to drive the stable and orderly carrying out of Group's various businesses through steadily developing traditional businesses, facilitating integrated services for the Greater Bay Area, exploring and optimising comprehensive financial services for the supply chain.

INDUSTRY AND BUSINESS REVIEW

Steadily Developing Traditional Businesses

Since 2024, the Chinese government has continued to introduce policies to stabilize growth to support the stable operation of the macro-economy. Financial support for the real economy has continued to increase, and the scale of credit has expanded. However, in the first half of 2024, the incremental increase in the scale of social financing amounted to RMB18.1 trillion, which was RMB3.45 trillion less than that of the same period of the previous year, and the increase in new credit amounted to RMB13.27 trillion, a year-on-year increase of RMB2.46 trillion less than the same period of the previous year, reflecting that the current credit demand of enterprises and residents is still insufficient. Against the backdrop of slow economic recovery, insufficient demand remains the main contradiction.

Management Discussion and Analysis

For guarantee business, based on the current operating situation, the Group's business expansion maintains its prudent strategies as last year. The Group adheres to the strategy of "risk first, business second", strictly controls risks, selectively carries out traditional businesses, and develops prudently and steadily. In combination with changes in the external environment and market demand, the Group optimizes business strategies, adjusts product structure, and strengthens communication with cooperative institutions to jointly explore new business models; continues to explore the field of fintech, optimizes fintech services, and improves the quality and efficiency of financial services; strengthens synergy and explores new potential for cooperation by leveraging multi-licenses advantages to improve the Group's competitiveness.

During the reporting period, the Group continued to optimize its business strategy, adjust its product structure, and actively expand financial services products with higher returns. According to the guarantee demand for payment of the trading market products, the Group tailor-made efficient and safe guarantee services for the payment of the trading of many products in the market to enhance the market participants' confidence and promote a smooth transaction. During the reporting period, such service model has benefited approximately 10,000 customers and the Group has achieved good financial benefits from this service.

In terms of settling the security payments and collecting guarantee receivable, the Group did not make security payments to any institution on behalf of its customers as there were no defaults on loans or payment obligations due from customers during the reporting period. The Group actively followed up the collection of guarantee receivables in previous years and recovered guarantee receivables of RMB0.02 million.

In the financial leasing business, the Group promptly adjusts its business strategies based on policy guidance and market trends, and explores opportunities to provide financial leasing business for enterprises settled in the park, with a view to providing customers with professional, efficient and convenient financial service solutions. On the other hand, the Group has further solidified its risk control foundation, enhanced risk management and control capabilities, optimised organisational structure to ensure the Company's stable operation.

Promoting Integrated Services for the Greater Bay Area

The "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" has been released for five years. Guangdong-Hong Kong-Macao Greater Bay Area, an important area linking the domestic and overseas markets and a frontrunner in both domestic and international two-way openness, plays a supporting and leading role in the national economic development and opening-up. The Group fully seizes the development opportunities in the Greater Bay Area, utilizes the Group's resources in Guangdong and Hong Kong, provides enterprises in the Greater Bay Area with a comprehensive and diversified financial service support, and actively participates in the promotion of the development and construction of the Greater Bay Area.

Management Discussion and Analysis

Adjusting and Optimising the Hog Supply Chain Business

In the first half of 2024, despite the fact that the supply and demand for the domestic hog market gradually improved, the hog sales prices remained lower than breeding costs. However, following the May Day Holiday, stimulated by factors such as the slow reduction of the brood sow stocks, the continued decline in production capacity of hog in the industry, and the moderate increase in pork consumption demand, hog prices have shown an overall rebound trend. According to the public information published by the Agriculture and Rural Bureau, the hogs slaughter price in June rose 16.35% and 28.39% compared with May 2024 and the same period last year, respectively, representing a more prosperous market. Nevertheless, the whole industry is still challenged by frequent disease outbreaks, downward survival rate and increasing costs for epidemic prevention.

The biosecurity assessment and facilities upgrading in respect of the hog farms of the Group was completed by the end of 2023 with a view to preventing the spread of diseases and increasing the quality and efficiency of breeding in the future. In the first half of 2024, the hog breeding business recorded a sales volume of approximately 2,800 hogs and a revenue of RMB4.4 million, representing an increase of 279% as compared with the corresponding period of last year.

The Board paid close attention to the situation of hog market. In order to cope with various factors such as frequent fluctuations in hog prices and rising piglet costs, continuously high epidemic prevention costs caused by constant disease mutations as well as training and collaboration for production team, the Group has timely adjusted its hog breeding plan and chose a more flexible batch production model to enhance its breeding efficiency and quality since June 2024.

Exploring the International Energy Storage Business

The development of energy storage business is an important component and key support for building a green energy system, and is one of the important supporting means to achieve carbon peak emissions and carbon neutrality goals. In recent years, with green and low-carbon development becoming an international consensus, the energy storage industry has received strong policy support, and the energy storage market demand has maintained strong growth. Energy storage system users also have good potential demand for financial services. Faced with these opportunities, the Group has partnered with professional energy storage research and development company to conduct energy storage business in 2023 and laid the foundation for exploring supply chain financial services in the energy storage industry.

The energy storage business operations started in December 2023, and the development of the Group's energy storage business continued to improve in the reporting period, and it has established a well-established sales network and a favorable brand image in the existing market. The Group's industrial and commercial energy storage systems made outstanding performance in terms of safety, durability, economy and convenience, and have made qualitative progress in modularized structure safety. By design optimization, some products were certified as IP67 or IP56. During the reporting period, the Group's international energy storage business recorded revenue of approximately RMB 35.3 million.

Management Discussion and Analysis

USE OF PROCEEDS

On 1 February 2018, the Company issued convertible bonds in an aggregate principal amount of HKD154 million under general mandate. The net proceeds, after deducting the administration fee of HKD1,540,010, were HKD152,459,990, and had been fully used as at 31 August 2019.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group's revenue was approximately RMB54.5 million (2023: approximately RMB2.9 million), representing an increase of approximately 1,763.0%. Detailed analysis of the Group's revenue is as follows:

1. *Financial guarantee services*

Revenue from the Group's financial guarantee services was mainly generated from the service fees charged for our financial guarantee services. For the six months ended 30 June 2024, the Group's net revenue generated from financial guarantee services was approximately RMB14.1 million (2023: approximately RMB1.6 million), representing an increase of approximately 781.3%.

Considering insufficient credit demand from residents and enterprises and intensified credit risks due to the complex external economic environment, the Group continues to strictly control risks and selectively conducted the traditional guarantee business through prudent and steady operating principles. At the same time, the Group continued to optimize its business strategy. By optimizing its products and business structure, the net revenue generated from financial guarantee services increased significantly compared with the same period last year, which mainly due to the increase in demand for the guarantee services for the payment process of product trading for the reporting period.

2. *Non-financial guarantee services*

Revenue from the Group's non-financial guarantee services was mainly generated from the service fees charged for providing customers with performance guarantees in relation to the performance of payment obligations and litigation guarantees. For the six months ended 30 June 2024, the Group's revenue generated from the non-financial guarantee services decreased to approximately RMB0.04 million (2023: approximately RMB0.1 million).

The Group continued to monitor its low-risk non-financing guarantee services, which slowed down due to the changes in the market condition of the industry.

Management Discussion and Analysis

3. *Financial consultancy services*

Revenue from the Group's financial consultancy services was mainly generated from the service fees charged for providing customers with financial consultancy services by the Group. For the six months ended 30 June 2024, the Group's revenue generated from financial consultancy services was approximately RMB0.1 million (2023: approximately RMB0.01 million).

During the reporting period, the Group closely monitored market development and operated its financial consultancy business with caution.

4. *Financial leasing services*

Revenue from the Group's financial leasing services was mainly generated from the rental fees charged by the Group in its provision of financial leasing services to customers. For the six months ended 30 June 2024, revenue from the Group's financial leasing was approximately RMB0.6 million (2023: Nil).

During the reporting period, the Group promptly adjusted its operation strategy and actively explored business growth points based on the policy guidance to the financial leasing industry and market development trends. Professional, efficient and convenient financial leasing products and solutions have been developed and made available to our customers.

5. *Revenue from Sales of Market Hogs*

For the six months ended 30 June 2024, the Group's revenue from sales of market hogs was approximately RMB4.4 million (2023: approximately RMB1.2 million).

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Sales of market hogs	4,362	1,151
Cost of market hogs sold	(4,778)	(5,759)
Gross loss	(416)	(4,608)

The Group's hog farm has completed biosafety assessment and facility upgrading and renovation at the end of 2023 and resumed production smoothly. During the reporting period, the revenue and the volume of market hogs rebounded compared with the same period last year. The Group sold hogs concentrated in April to May 2024. Although the supply and demand layout of domestic hog market gradually improved in the first half of 2024, hog prices fluctuated at a lower price level before May Day Holiday. As breeding costs remained high during the report period due to declining survival rates and rising epidemic prevention costs and other factors, the hog selling businesses failed to achieve profitability.

Management Discussion and Analysis

6. Revenue from Sales of Energy Storage System

For the six months ended 30 June 2024, the Group's revenue from sales of energy storage system was approximately RMB35.3 million (2023: Nil).

Faced with the broad development prospects of the energy storage industry, the Group has accelerated its exploration of the international energy storage market and actively expanded high-quality customers overseas while steadily exploring the existing market. It also improved its competitiveness through optimized product design and won market reputation with safe, environmentally friendly, economical, durable, efficient and convenient energy storage products for industrial and commercial uses, showing strong development potential. In the first half of 2024, the energy storage system selling business of the Group continued to thrive. It has created a well-established sales network and built a good brand image in the existing market. During the reporting period, the energy storage system sales recorded outstanding performance.

Impairment and Provision Charged/(Written Back)

Impairment and provision charged/(written back) for the six months ended 30 June 2024 included the provision written back for guarantees issued and the impairment and provision charged (where it is likely that the customers or other parties are in financial difficulties and recovery was considered to be remote) or written back (in the event that any impairment was incurred and provision made in the previous years was subsequently recovered, impairment and provision previously made will be written back in the year in which the relevant amount is recovered) for receivables.

The provisions the Group made for impairment or reversal over guarantee receivable, factoring receivable, finance lease receivable and deposit and other receivables for the six months ended 30 June 2024 are as follows:

Types of receivable	For the six months ended 30 June 2024			
	Gross Balance as at 30 June 2024 (Approximately RMB million) (A)	Impairment charged/(written back) (Approximately RMB million)	Accumulated Impairment as at 30 June 2024 (Approximately RMB million) (B)	Net carrying amount (Approximately RMB million) (A-B)
Guarantee receivable	129.59	0.85	111.71	17.88
Factoring receivable	53.19	0.32	39.93	13.26
Finance lease receivable	180.79	0.76	149.05	31.74
Deposit and other receivables	124.49	(3.37)	82.25	42.24
Total	488.06	(1.44)	382.94	105.12

Management Discussion and Analysis

Impairment loss on Property, Plant and Equipment

Considering the continued high epidemic prevention and control risk due to constant hog disease mutations and continued growth of piglet price from approximately RMB23.26 each kilogram at the end of 2023 to approximately RMB43.58 each kilogram in June 2024, the subsidiary Yangmianshan Company Limited (“**Yangmianshan Company**”) planned to adjust its operational strategy by exploring the possibility as a surrogate for the hog breeding enterprises to lower breeding risks and increase breeding survival rate of hogs by introducing its advanced and effective breeding methods and scientific techniques for disease prevention and control. Accordingly, the Group has reconsidered the recoverable amount of Yangmianshan Company’s non-current assets based on the updated profit forecast. According to the assessment results, the recoverable amount of Yangmianshan Company’s non-current assets is lower than their carrying amount. Therefore, provision for impairment loss of approximately RMB15.6 million for the relevant non-current assets was recognised for the period ended 30 June 2024.

Operating Expenses

For the six months ended 30 June 2024, the Group’s operating expenses (including research and development costs) was approximately RMB21.3 million (2023: RMB25.7 million), which decreased by approximately RMB4.4 million or 17.1% when compared with the corresponding period of the last year. The Group upheld the cost- efficient principle, the operating expenses was analyzed in details as follows:

	For the six months ended 30 June	
	2024 RMB’000	2023 RMB’000
Salaries	8,253	10,492
Depreciation charges	5,691	2,657
Rentals	46	98
Intermediary consulting expenses	3,402	1,905
Office, travel and entertainment expenses	772	3,144
Exchange loss	851	386
Others	2,259	7,037
Total	21,274	25,719

The decrease in salaries compared with the same period last year was mainly due to the salaries adjustment for some of the Group’s employees due to development needs.

Management Discussion and Analysis

The increase in depreciation charges as compared with the corresponding period of last year was mainly due to the increase in depreciation charges recorded as operating expenses as a result of the change in production scale by the Group.

The increase in intermediary consulting expenses as compared with the corresponding period of last year was mainly due to increase in consulting expenses incurred from the business of sales of energy storage system conducted by GNW Capital Limited, a subsidiary of the Group.

The decrease in office, travel and entertainment expenses as compared with the corresponding period of last year was mainly due to the more strict cost control management applied by the Group during the reporting period.

The significant decrease in others compared with the same period last year was mainly due to culling hogs value decreased to approximately RMB0.6 million (2023: approximately RMB4.2 million) from Yangmianshan Company.

Loss before Taxation

Loss before taxation decreased by approximately RMB11.9 million, or 38.4%, from a loss of approximately RMB31.0 million for the six months ended 30 June 2023 to a loss of approximately RMB19.1 million for the six months ended 30 June 2024.

The financial results of the Group improved during the reporting period, and the decrease in loss before taxation was mainly due to the net effect of the following factors: (i) the Group has recorded business growth in guarantee services and outstanding sales performance of energy storage systems during the reporting period; (ii) operating expenses were lower than the same period last year; (iii) interest expenses decreased compared with the same period last year, mainly due to the decrease in the principal of convertible bonds during the reporting period; and (iv) more impairment losses were provided for equipment property, plant and equipment of the Yangmianshan Company due to the challenges in the industry environment.

Income Tax

For the six months ended 30 June 2024, the Group's income tax amounted to approximately RMB2.9 million, representing a decrease of approximately 25.6% from approximately RMB3.9 million in the corresponding period of 2023.

The income tax expense for both periods was mainly due to the reversal of the deferred income tax assets during both periods.

Management Discussion and Analysis

LIQUIDITY AND CAPITAL RESOURCES

Treasury Management and Investment Policy

In order to utilise the Group's financial resources for obtaining a better return for the shareholders effectively, the Group's general approach is to seek some alternative investment opportunities which could provide a better return with limited risk exposure.

Pledged Bank Deposits and Cash and Bank Deposits

As at 30 June 2024, the current pledged bank deposits amounted to approximately RMB53.0 million (as at 31 December 2023: approximately RMB72.7 million), representing a decrease of approximately RMB19.7 million as compared to the end of last year. Cash and bank deposits amounted to approximately RMB178.4 million (31 December 2023: approximately RMB134.1 million), representing an increase of approximately RMB44.3 million as compared to the end of last year.

The increase in cash and bank deposits was mainly due to the increase in pledged deposits as a result of the requirements for conducting business between the Group and its customers.

Interest Rate Risk and Foreign Exchange Risk

As at 30 June 2024, the Group's interest rate primarily related to interest-bearing bank deposits and pledged bank deposits.

The Group's businesses for the six months ended 30 June 2024 were principally conducted in RMB, while most of the Group's monetary assets and liabilities were denominated in HKD and RMB. As the RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may have impact on the Group's result. Although foreign currency exposure does not pose a significant risk on the Group, and currently the Group does not have hedging measures against such exchange risks, the Group will continue to take proactive measures and monitor closely the risk arising from such currency movement.

Gearing Ratio

The Group's gearing ratio (total liabilities divided by total equity) increased from approximately 120.8% as at 31 December 2023 to approximately 123.5% as at 30 June 2024, which was mainly due to the Group's loss resulting in a decrease in total equity during the reporting period.

Management Discussion and Analysis

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group recruits talents from the open market. The Group offers competitive remuneration packages to qualified employees, including salaries, bonuses, food and regular health examinations and various benefits. The Group places a high importance on staff development and provides business and corporate governance training to our staff on a regular basis to enhance their knowledge of the financial products in the market, the applicable laws and regulations and professional skills in relation to the industry in which the Group operates. The Group offers substantial support to employees with its diverse resources to boost their self-image and achieve their personal development.

The Group maintained stable relationship with its employees. As at 30 June 2024, the Group had 60 full-time employees. Compensation of the employees primarily includes salaries, discretionary bonuses, contributions to five social insurance and one housing fund, employer's liability insurance and retirement benefit scheme. The Group incurred staff costs (including Directors' remuneration) of approximately RMB8.3 million for the six months period ended 30 June 2024.

The Group has adopted a 2024 Share Option Scheme as incentives to the Directors and eligible employees. Please refer to the section headed 'Share Option Scheme' on the following pages for details.

PROSPECTS AND OUTLOOK

Macro Outlook

Looking forward to the second half of 2024, the global economy will maintain its moderate recovery process. However, trade protectionism, geopolitical conflicts, change in expectation of rate cut by the Federal Reserve, election cycles in Europe and America, and other complicated factors will bring many challenges to the global economy.

Looking forward to the second half of 2024, China's economy will keep running stably, but the foundation for a better recovery still needs to consolidate given the complicated external environment at present and insufficient effective domestic demand. China will adhere to the general working principle of making progress while maintaining stability, implement the new development philosophy in a complete, accurate and comprehensive manner, speed up the construction of a new development paradigm and focus on pushing forward high-quality development. More efforts will be put into inspiring the market vitality and internal driving force, consolidating and enhancing the good trend of economy recovery, to facilitate a healthy and sustainable development in economy. In respect of Hong Kong, with the gradually implementation of many favourable policies from the central government to support Hong Kong, as well as the further enhancement of surrounding demand, the overall development atmosphere of Hong Kong will be more active.

In the second half of 2024, encountering the prolonged complicated external environment, the Group will uphold a prudent and stable operating principle, to achieve a sound development by steadily developing traditional business, promoting integrated services for the Greater Bay Area, adjusting and optimising integrated financial services for the supply chain and exploring new areas and new paths.

Management Discussion and Analysis

Steadily Developing Traditional Businesses

For guarantee business, the Group will continue to carry out business in a stable and prudent manner; pay close attention to the changes in national policies, industry trend and market demand and other aspects, flexibly adjust operational strategies and product structure to provide efficient and personalized financial services for customers; continue the deployment of fintech strategies, and seek more diversified ways of cooperation with financial institutions and technology companies, in a bid to explore new paths and enhance the Group's core competitiveness; take advantage of its experience accumulated for years in financial area to proactively explore new models for supply chain finance. thus seeking new results growth for the Group and achieving the sustainable development.

For financial leasing business, the Group will continue to explore opportunities to provide financial leasing business for enterprises settled in the park, with a view to taking advantage of the synergy effect to seek new business mode. The Group will continue to optimize the organisational structure and leverage the favourable policies to fully identify customers' demand while the risk is in control, thus supporting the inclusive finance development.

Promoting Integrated Services for the Greater Bay Area

In June 2024, as the leading industry that has international competitiveness in Greater Bay Area, financial industry was re-stressed at the 6th Guangdong-Hong Kong-Macao Greater Bay Area Financial Development Forum. On the new journey of constructing a powerful country with financial power, targeting at the positioning of "one point, two places", Greater Bay Area will focus on the construction of five major areas, namely technology finance, green finance, inclusive finance, pension finance and digital finance to accelerate the construction of an international finance hub. Tapping into the Greater Bay Area market for years, the Group firmly grasps the financial development opportunities in Greater Bay Area, actively promotes and facilitates the construction of the financial hub of Guangdong-Hong Kong-Macao Greater Bay Area, and provides premium integrated financial services to the vast number of enterprises.

Adjusting and Optimising Hog Supply Chain Business

Looking forward to the second half of 2024, with the implementation of long-lasting supporting policies from the industry and change of seasonal consumption demand, the domestic hog market is expected to recover. However, as calculated according to the official information of the stock of brood sows and hogs, the number of hogs slaughtered in the second half of the year may demonstrate a trend of gradually rising after a decline. As the supply of hogs rises, the price may fluctuate. The Group takes a cautiously optimistic attitude towards the prospect of the hog market in the second half of 2024. After fully considering the maximum benefits of the Company, the management of the Company is in contact with a quality hog breeding enterprise to establish short term cooperative relationships and is exploring the possibility as a surrogate for the hog breeding enterprises to lower breeding risks and increase breeding survival rate of hogs by introducing its advanced and effective breeding methods and scientific techniques for disease prevention and control. Before the implementation of the cooperative breeding mode, the Group will still carry out production in an orderly manner according to the original flexible batch breeding plan.

Management Discussion and Analysis

Initiating a New Chapter in the International Energy Storage Supply Chain Business

In recent years, as the global energy transition accelerates, countries around the world successively introduced many supporting policies to promote the development of energy storage industry, creating an excellent policy condition for energy storage industry's large-scale commercial application. However, with gradual expansion of industry scale, market competition is becoming more and more fierce, and the overall growth rate of industry decreases.

Looking forward to the second half of 2024, demand in overseas market of energy storage industry demonstrates a climbing trend, while domestic enterprises experience both opportunities and challenges as affected by the international trade barriers and have successively strengthened capacity layout in overseas markets. To cope with the challenges brought from international trade environment, by maintaining the existing EPC mode (meaning the Engineering, Procurement, and Construction mode), the Group will proactively expand the local quality supplier resources in South Africa, gradually increase the proportion of suppliers who are engaged in local assembly and production in South Africa, and enhance its ability to resist risks by optimising risk management, enhance the flexibility of supply chain, etc. Moreover, the Group will speed up its deployment in the energy storage market in Australia and Europe while steadily promoting the existing market development.

Independent Auditor's Report on Review of Condensed Interim Financial Report

To the board of directors of
CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed interim financial report of China Success Finance Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 20 to 48, which comprises the condensed consolidated statement of financial position as of 30 June 2024 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flows statement for the six months then ended, and other 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 report 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 (the "HKICPA"). The directors of the Company are responsible for the preparation and presentation of this condensed interim financial report in accordance with HKAS 34.

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

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of interim financial report 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 condensed interim financial report is not prepared, in all material respects, in accordance with HKAS 34.

Forvis Mazars CPA Limited
Certified Public Accountants

Hong Kong, 29 August 2024

Condensed Consolidated Statement of Profit or Loss

Six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Guarantee income		14,382	19,068
Less: guarantee service fee		(251)	(17,305)
Net guarantee fee income		14,131	1,763
Services fee from consulting services		118	12
Income from financial leasing service		647	–
Sales of market hogs		4,362	1,151
Sales of energy storage system		35,253	–
Revenue, net	3	54,511	2,926
Other revenue	4	1,306	2,709
Cost of market hogs sold		(4,778)	(5,759)
Cost of energy storage system sold		(33,052)	–
Impairment and provision credited	5(a)	6,278	938
Impairment loss on property, plant and equipment	14	(15,613)	–
Operating expenses		(20,739)	(25,127)
Research and development costs		(535)	(592)
Interest expenses	5(d)	(5,410)	(7,909)
Net changes in fair value of biological assets		–	3,091
Share of results of associates		(1,112)	(1,318)
Loss before taxation	5	(19,144)	(31,041)
Income tax expense	6	(2,919)	(3,857)
Loss for the period		(22,063)	(34,898)
Loss attributable to:			
Owners of the Company		(9,630)	(28,896)
Non-controlling interests		(12,433)	(6,002)
		(22,063)	(34,898)
Loss per share		RMB	RMB
Basic	7	(0.02)	(0.05)
Diluted	7	(0.02)	(0.05)

Condensed Consolidated Statement of Profit or loss and Other Comprehensive Income

Six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (Unaudited)
Loss for the period	(22,063)	(34,898)
Other comprehensive income (loss)		
<i>Item that will not be reclassified to profit or loss:</i>		
Currency translation on financial statements of the Company	3,451	231
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Currency translation differences of foreign operations	(2,191)	(1,660)
Other comprehensive income (loss) for the period	1,260	(1,429)
Total comprehensive loss for the period	(20,803)	(36,327)
Total comprehensive loss attributable to:		
Owners of the Company	(8,370)	(30,325)
Non-controlling interests	(12,433)	(6,002)
	(20,803)	(36,327)

Condensed Consolidated Statement of Financial Position

As at 30 June 2024

	<i>Note</i>	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Assets			
Cash and bank deposits	9	178,428	134,077
Pledged bank deposits	10	53,009	72,694
Trade and other receivables	11	111,943	135,860
Factoring receivable	12	13,258	25,345
Finance lease receivable	13	31,741	32,310
Interest in associates		21,684	22,796
Biological assets		874	1,683
Inventories		225	442
Property, plant and equipment	14	160,632	180,108
Financial assets measured at fair value through profit or loss		11,169	11,169
Deferred tax assets		25,533	28,452
Goodwill		–	–
		608,496	644,936
Liabilities			
Liabilities from guarantees	15	16,618	22,118
Pledged deposits received	16	104,545	104,491
Interest-bearing borrowings	17	131,213	136,758
Liability component of convertible bonds	18	13,914	25,609
Accruals and other payables		40,164	35,563
Current tax		16,468	16,468
Lease liabilities		13,286	11,822
		336,208	352,829
NET ASSETS		272,288	292,107
Capital and reserves			
Share capital	20	4,420	4,420
Reserves		312,752	320,138
		317,172	324,558
Non-controlling interests		(44,884)	(32,451)
TOTAL EQUITY		272,288	292,107

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2024

	(Unaudited)										
	Attributable to owners of the Company								Non-controlling interests		Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	Regulatory reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Total RMB'000		
Balance as at 1 January 2023	4,420	468,566	321,656	56,997	30,988	15,448	(541,036)	357,039	(20,182)	336,857	
Loss for the period	-	-	-	-	-	-	(28,896)	(28,896)	(6,002)	(34,898)	
Other comprehensive income (loss):											
<i>Item that will not be reclassified to profit or loss:</i>											
Currency translation on financial statements of the Company	-	-	-	-	-	231	-	231	-	231	
<i>Items that may be reclassified subsequently to profit or loss:</i>											
Currency translation differences of foreign operations	-	-	-	-	-	(1,660)	-	(1,660)	-	(1,660)	
Other comprehensive loss	-	-	-	-	-	(1,429)	-	(1,429)	-	(1,429)	
Total comprehensive loss	-	-	-	-	-	(1,429)	(28,896)	(30,325)	(6,002)	(36,327)	
Transactions with owners											
<i>Contributions and distributions</i>											
Share issued under share option scheme	-	-	326	-	-	-	-	326	-	326	
Balance as at 30 June 2023	4,420	468,566	321,982	56,997	30,988	14,019	(569,932)	327,040	(26,184)	300,856	

Condensed Consolidated Statement of Changes in Equity

Six months ended 30 June 2024

	(Unaudited)									
	Attributable to owners of the Company								Non-controlling interests	
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Surplus reserve RMB'000	Regulatory reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Total RMB'000	Total RMB'000
Balance as at 1 January 2024	4,420	468,566	321,359	56,997	30,988	15,695	(573,467)	324,558	(32,451)	292,107
Loss for the period	-	-	-	-	-	-	(9,630)	(9,630)	(12,433)	(22,063)
Other comprehensive income (loss): <i>Item that will not be reclassified to profit or loss:</i>										
Currency translation on financial statements of the Company	-	-	-	-	-	3,451	-	3,451	-	3,451
<i>Item that may be reclassified subsequently to profit or loss:</i>										
Currency translation differences of foreign operations	-	-	-	-	-	(2,191)	-	(2,191)	-	(2,191)
Other comprehensive income	-	-	-	-	-	1,260	-	1,260	-	1,260
Total comprehensive income (loss)	-	-	-	-	-	1,260	(9,630)	(8,370)	(12,433)	(20,803)
Transactions with owners <i>Contributions and distributions</i>										
Equity-settled share-based payments	-	-	984	-	-	-	-	984	-	984
Balance as at 30 June 2024	4,420	468,566	322,343	56,997	30,988	16,955	(583,097)	317,172	(44,884)	272,288

Condensed Consolidated Cash Flow Statement

Six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
OPERATING ACTIVITIES		
Cash generated from (used in) operations	15,680	(11,961)
Income taxes paid	–	(1)
Net cash generated from (used in) operating activities	15,680	(11,962)
INVESTING ACTIVITIES		
Interest received	1,091	7,847
Other cash flows arising from investing activities	(58)	(40)
Net cash generated from investing activities	1,033	7,807
FINANCING ACTIVITIES		
Proceeds from bank loans	–	53,306
Payment of bank loans	(5,545)	(45,000)
Repayment of convertible bonds	(11,695)	(7,781)
Other cash flows arising from financing activities	(6,298)	(2,873)
Net cash used in financing activities	(23,538)	(2,348)
Net decrease in cash and cash equivalents	(6,825)	(6,503)
Cash and cash equivalents at beginning of the reporting period	13,036	29,981
Effect of foreign exchange rate changes	1,263	(386)
Cash and cash equivalents at end of the reporting period (Note 9)	7,474	23,092

Notes to the Unaudited Condensed Interim Financial Report

1. BASIS OF PREPARATION

The condensed interim financial report of China Success Finance Group Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) for the six months ended 30 June 2024 (the “Interim Financial Information”) has been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants.

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

The condensed interim financial report does not include all the information and disclosures required in the annual financial statements and should be read, where relevant, in conjunction with the Group’s annual financial statements for the year ended 31 December 2023 (“2023 Annual Financial Statements”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed interim financial report has been prepared under the historical cost convention except for investments in debt and equity securities, derivative financial instruments and biological assets at fair value through profit or loss, which are measured at fair value.

The accounting policies adopted in the preparation of the condensed interim financial report are consistent with those used in the preparation of the 2023 Annual Financial Statements, except for the adoption of the following new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) that are effective for the Group’s financial year beginning on 1 January 2024.

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

The adoption of these amendments to HKFRSs does not have any significant impacts on the condensed interim financial report of the Group.

The Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the financial year beginning on 1 January 2024. The directors are in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but are not yet in a position to reasonably estimate their impact on the Group’s results and financial position.

Notes to the Unaudited Condensed Interim Financial Report

3. REVENUE AND SEGMENT REPORTING

(a) Revenue

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Guarantee fee income		
– Income from financial guarantees	190	121
– Income from online financial guarantees	14,150	18,803
– Income from performance guarantees	42	144
Gross guarantee fee income	14,382	19,068
Less: guarantee service fee	(251)	(17,305)
Net guarantee fee income	14,131	1,763
Service fee from consulting services	118	12
Income from financial leasing services	647	–
Sales of market hogs	4,362	1,151
Sales of energy storage system	35,253	–
Revenue, net	54,511	2,926

Notes to the Unaudited Condensed Interim Financial Report

3. REVENUE AND SEGMENT REPORTING *(continued)*

(a) Revenue *(continued)*

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial service RMB'000	Sales of market hogs RMB'000	Trading of energy storage system RMB'000	Total RMB'000
Six months ended 30 June 2024 (unaudited)				
<i>Timing of revenue recognition:</i>				
– at a point in time	–	4,362	35,253	39,615
– over time	14,896	–	–	14,896
	14,896	4,362	35,253	54,511
Type of transaction price:				
– fixed price	14,896	4,362	35,253	54,511

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Financial service RMB'000	Sales of market hogs RMB'000	Trading of energy storage system RMB'000	Total RMB'000
Six months ended 30 June 2023 (unaudited)				
<i>Timing of revenue recognition:</i>				
– at a point in time	–	1,151	–	1,151
– over time	1,775	–	–	1,775
	1,775	1,151	–	2,926
Type of transaction price:				
– fixed price	1,775	1,151	–	2,926

Notes to the Unaudited Condensed Interim Financial Report

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its business by business operations in a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resources allocation and performance assessment. The Group's reportable and operating segments are as follows:

- Financial services: providing guarantee service, factoring service, financial leasing service and consulting service in the PRC.
- Hog selling: sales of market hogs in the PRC.
- Energy storage: trading of energy storage system overseas.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets and segment liabilities include all liabilities of the Group.

Segment revenue and segment expenses are determined based on revenue generated by those segments and the expenses incurred by those segments. Segment results include the Group's share of results of associates.

Segment performance is evaluated based on reportable segment profit/loss, which is measured consistently with the Group's profit/loss.

Notes to the Unaudited Condensed Interim Financial Report

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Financial services		Hog Selling		Energy storage		Total	
	Six months ended 30 June							
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Guarantee income	14,382	19,068	-	-	-	-	14,382	19,068
Less: guarantee service fee	(251)	(17,305)	-	-	-	-	(251)	(17,305)
Net guarantee fee income	14,131	1,763	-	-	-	-	14,131	1,763
Service fee from consulting services	118	12	-	-	-	-	118	12
Income from financial leasing services	647	-	-	-	-	-	647	-
Sales of market hogs	-	-	4,362	1,151	-	-	4,362	1,151
Sales of energy storage system	-	-	-	-	35,253	-	35,253	-
Revenue, net	14,896	1,775	4,362	1,151	35,253	-	54,511	2,926

Notes to the Unaudited Condensed Interim Financial Report

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Financial services		Hog Selling		Energy storage		Total	
	Six months ended 30 June							
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Other revenue	1,106	1,366	192	1,343	8	-	1,306	2,709
Cost of market hogs sold	-	-	(4,778)	(5,759)	-	-	(4,778)	(5,759)
Cost of energy storage system sold	-	-	-	-	(33,052)	-	(33,052)	-
Impairment and provision credited	6,278	938	-	-	-	-	6,278	938
Impairment loss on property, plant and equipment	-	-	(15,613)	-	-	-	(15,613)	-
Operating expenses	(12,339)	(16,886)	(6,105)	(8,241)	(2,295)	-	(20,739)	(25,127)
Research and development costs	(535)	(592)	-	-	-	-	(535)	(592)
Interest expenses	(1,943)	(4,155)	(3,467)	(3,754)	-	-	(5,410)	(7,909)
Net changes in fair value of biological assets	-	-	-	3,091	-	-	-	3,091
Share of results of associates	(1,112)	(1,318)	-	-	-	-	(1,112)	(1,318)
Reportable segment profit (loss) before taxation	6,351	(18,872)	(25,409)	(12,169)	(86)	-	(19,144)	(31,041)
Income tax expense	(2,919)	(3,857)	-	-	-	-	(2,919)	(3,857)
Reportable segment profit (loss) for the period	3,432	(22,729)	(25,409)	(12,169)	(86)	-	(22,063)	(34,898)

Notes to the Unaudited Condensed Interim Financial Report

3. REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Geographic information

The revenue information based on the geographical location of the customers is as follows:

	Financial services RMB'000	Hog selling RMB'000	Energy storage RMB'000	Total RMB'000
Six months ended 30 June 2024 (unaudited)				
<i>Geographical region:</i>				
– Mainland China	14,896	4,362	–	19,258
– South Africa	–	–	35,253	35,253
	14,896	4,362	35,253	54,511

	Financial services RMB'000	Hog selling RMB'000	Energy storage RMB'000	Total RMB'000
Six months ended 30 June 2023 (unaudited)				
<i>Geographical region:</i>				
– Mainland China	1,775	1,151	–	2,926

The geographical locations of non-current assets other than financial assets measured at FVPL, biological assets and deferred tax assets are based on the physical location of the assets under consideration.

	As at 30 June 2024 RMB'000 (unaudited)	As at 31 December 2023 RMB'000 (audited)
Hong Kong	250	339
Mainland China	160,382	179,769
	160,632	180,108

Notes to the Unaudited Condensed Interim Financial Report

4. OTHER REVENUE

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Interest income from bank deposits	1,091	1,144
Government grants	–	477
Compensation income from insurance claim on loss of market hogs	11	–
Others	204	1,088
	1,306	2,709

5. LOSS BEFORE TAXATION

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Loss before taxation is arrived at after (crediting)/charging:		
(a) Impairment and provision credited		
Provision credited for guarantees issued	(4,848)	(2,036)
Impairment allowances charged/(credited) for:		
– receivables from guarantee payments	854	297
– deposit and other receivables	(3,367)	159
– amounts due from related parties	–	(1,000)
– factoring receivable	320	550
– finance lease receivable	763	1,092
	(6,278)	(938)
(b) Staff costs		
Salaries, wages and other benefits	6,682	9,832
Contributions to defined contribution retirement plan	587	334
Equity-settled share-based payment expenses	984	326
	8,253	10,492

Notes to the Unaudited Condensed Interim Financial Report

5. LOSS BEFORE TAXATION *(continued)*

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
(c) Other items		
Depreciation charge		
– right-of-use assets	924	866
– owned property, plant and equipment	5,348	5,224
	6,272	6,090
Net foreign exchange loss	851	386
Loss of inventory	627	4,207
(d) Interest expenses		
Interest on bank loans and other borrowings	3,399	3,682
Interest on convertible bonds	1,596	3,926
Interest on lease liabilities	415	298
Others	–	3
	5,410	7,909

6. INCOME TAX

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Current tax		
Provision for PRC Enterprise Income Tax for the period	–	–
Tax filing differences	–	(24)
	–	(24)
Deferred taxation		
Origination and reversal of temporary differences	(2,919)	(3,833)
Income tax expense	(2,919)	(3,857)

Notes to the Unaudited Condensed Interim Financial Report

7. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss attributable to owners of the Company for the six months ended 30 June 2024 of RMB9,630,000 (2023: RMB28,896,000) and the weighted average number of 552,307,000 (2023: 552,307,000) ordinary shares in issue during the period.

Potential dilutive ordinary shares are not included in the calculation of diluted loss per share because they are anti-dilutive. Therefore, the diluted loss per share equals the basic loss per share.

8. DIVIDENDS

No interim dividend was declared for the six months ended 30 June 2024 (2023: Nil).

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Demand deposits and term deposits with banks with original maturity less than three months	7,346	12,855
Restricted customer pledged deposits	61	61
Restricted third-party pledged deposits	104,484	104,430
Other restricted funds	66,409	16,550
Cash on hand	128	181
Cash and bank deposits in the consolidated statement of financial position	178,428	134,077
Restricted customer pledged deposits	(61)	(61)
Restricted third-party pledged deposits	(104,484)	(104,430)
Other restricted funds	(66,409)	(16,550)
Cash and cash equivalents in the condensed consolidated statement of cash flows	7,474	13,036

Notes to the Unaudited Condensed Interim Financial Report

9. CASH AND CASH EQUIVALENTS *(continued)*

As at the end of the reporting period, the restricted pledged deposits received were maintained as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Restricted third-party pledged deposits	104,484	104,430
Restricted customer pledged deposits:		
– designated custodian bank accounts	56	56
– the Group's bank accounts	5	5
Total	104,545	104,491

10. PLEDGED BANK DEPOSITS

Pledged bank deposits represent the deposits pledged to banks for the financial guarantees that the Group provides to the customers for their borrowings from banks.

Notes to the Unaudited Condensed Interim Financial Report

11. TRADE AND OTHER RECEIVABLES

	<i>Note</i>	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Receivables from guarantee payments		129,589	129,614
Less: loss allowances		(111,705)	(110,851)
		17,884	18,763
Trade debtors from consultancy services		–	50
Trade debtors from guarantees		851	851
Trade debtors from sales of biological assets		516	516
Trade debtors from sales of energy storage system		7,972	554
		9,339	1,971
Trade receivables	(a)	27,223	20,734
Deposit and other receivables, net of loss allowances	(b)	42,239	70,524
Amounts due from related parties, net of loss allowances	(c)	–	–
		69,462	91,258
Deferred expenses of online financial guarantee business		–	251
Prepayments for constructions		33,103	33,103
Prepayments to former non-controlling interest of a subsidiary		5,198	5,342
Prepayment to a supplier		500	2,199
Mortgage assets		2,383	2,474
Others		1,297	1,233
Trade and other receivables		111,943	135,860

Notes to the Unaudited Condensed Interim Financial Report

11. TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on the guarantee income recognition date or advance payment date, is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 month	7,981	1,080
Over 1 month but less than 3 months	–	50
Over 3 months but less than 1 year	516	–
More than 1 year	130,431	130,455
	138,928	131,585
Less: loss allowances (note (ii))	(111,705)	(110,851)
	27,223	20,734

(i) Receivables from guarantee payments

Receivables from guarantee payments represented payments made by the Group to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurred because the customers fail to make payments when due in accordance with the terms of the corresponding debt instruments. The Group holds certain collaterals over certain receivables from guarantee payments.

During the six months ended 30 June 2024 and 2023, the Group did not dispose of receivables from guarantee payments.

(ii) Trade receivables that are impaired

Loss allowance in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the loss allowance is written-off against the receivables directly.

Notes to the Unaudited Condensed Interim Financial Report

11. TRADE AND OTHER RECEIVABLES *(continued)*

(b) Deposit and other receivables, net of loss allowances

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Deposit	1,446	1,968
Other receivables	123,044	154,174
	124,490	156,142
Less: loss allowances	(82,251)	(85,618)
	42,239	70,524

Other receivables are mainly the prepayments of cooperation funds, deposits for rentals, consideration receivables and interest receivables. The prepayments of cooperation funds are paid to unrelated third parties for joint business bidding or preparation. If the contract is not completed within the agreed dates, the unrelated third parties will refund the prepayments to the Group. Consideration receivables represented the third tranche consideration to be received on or before 28 December 2024, which was resulted from the disposal of financial assets measured at fair value through profit or loss in 2022.

(c) Amounts due from related parties, net of loss allowances

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Amounts due from related parties	4,633	4,633
Less: loss allowances	(4,633)	(4,633)
	—	—

Notes to the Unaudited Condensed Interim Financial Report

12. FACTORING RECEIVABLE

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Factoring receivable	46,908	58,675
Interest receivable from factoring receivable	6,282	6,282
	53,190	64,957
Less: loss allowances	(39,932)	(39,612)
	13,258	25,345

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of factoring receivable, based on contract effective date, is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Within 1 month	–	–
Over 1 month but less than 3 months	–	–
Over 3 months but less than 1 year	20,742	20,742
More than 1 year	32,448	44,215
	53,190	64,957
Less: loss allowances	(39,932)	(39,612)
	13,258	25,345

As at 30 June 2024, RMB32,448,000 (31 December 2023: RMB44,215,000) of the balances has passed the maturity date in contracts.

Notes to the Unaudited Condensed Interim Financial Report

13. FINANCE LEASE RECEIVABLE

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Finance lease receivable	180,794	180,600
Less: loss allowances	(149,053)	(148,290)
	31,741	32,310

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of finance lease receivable, based on the due date, is as follows:

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Not overdue	16,194	16,000
Over 1 year	164,600	164,600
	180,794	180,600
Less: loss allowances	(149,053)	(148,290)
	31,741	32,310

14. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired property, plant and equipment for considerations of RMB58,000 (2023: RMB462,000).

During the six months ended 30 June 2024, the Group recognised additions to right-of-use assets for leasing of pig farm of RMB2,325,000 (2023: Nil).

The directors have performed an impairment assessment on the property, plant and equipment in relation to the hog selling business as at 30 June 2024 based on value-in-use calculations. As a result of the impairment assessment, an impairment loss of RMB15,613,000 (2023: Nil) was recognised in profit or loss during the six months ended 30 June 2024.

Notes to the Unaudited Condensed Interim Financial Report

15. LIABILITIES FROM GUARANTEES

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Deferred income	2,254	2,906
Provisions for guarantee losses	14,364	19,212
	16,618	22,118

16. PLEDGED DEPOSITS RECEIVED

Pledged deposits received represent deposits received from customers or third parties as collateral security for the online financial guarantees issued by the Group. These deposits will be refunded to the customers or third parties upon expiry of the corresponding guarantee contracts.

17. INTEREST-BEARING BORROWINGS

	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
Bank borrowings, secured		
– Repayable within one year or on demand	53,122	51,097
– Repayable after one year but within two years	16,184	15,155
– Repayable after two years but within five years	50,937	51,838
– Repayable after five years	10,970	18,668
	131,213	136,758

As at 30 June 2024, banking facilities of the Group totaling RMB140,000,000 (31 December 2023: RMB140,000,000) were pledged by ordinary shares of a subsidiary of the Company that held by the Group, and utilised to the extent of RMB118,980,000 (31 December 2023: RMB123,980,000).

As at 30 June 2024, the bank borrowings of RMB12,233,000 (31 December 2023: RMB12,778,000) was secured by the prepayment for constructions with carrying amount of RMB33,103,000 (31 December 2023: RMB33,103,000).

No covenants relating to the Group or any of the subsidiaries' financial ratios were required by the bank as of 30 June 2024 and 31 December 2023.

Notes to the Unaudited Condensed Interim Financial Report

18. LIABILITY COMPONENT OF CONVERTIBLE BONDS

The Group repaid the convertible bonds at the principal amount of HK\$14,000,000 in January 2024 and redeemed the outstanding convertible bonds at the principal amount of HK\$14,000,000 in whole at the redemption amount together with all accrued and unpaid interests and fees in July 2024.

19. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company adopted a share option scheme on 18 October 2013 (the “2013 Share Options Scheme”) whereby one director and 49 employees in the Group were invited, to take up options at HK\$1 to subscribe for shares of the Company. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

On 18 May 2020, the Group granted the share options (the “2020 Share Options”). Upon acceptance by the relevant grantees, the Group has granted 31,755,400 share options to subscribe for 31,755,400 ordinary shares of the Company at HK\$0.84 each. Among 31,755,400 share options, 3,600,000 share options have been granted to directors of the board of directors, 3,155,400 share options have been granted to core employees of the Group, and 25,000,000 share options have been granted to employees of the Group with specific performance targets for incentives. These options are exercisable at HK\$0.84 per share and mature within 10 years.

On 17 October 2023, the Board of Directors of the Company approved to grant 5,703,000 share options at the exercise price of HK\$0.74 per share (the “2023 Share Options”). Among 5,703,000 share options, 1,900,000 share options have been granted to directors of the Board of Directors, and 3,803,000 share options have been granted to employees of the Groups. All share options will become exercisable on the first anniversary of the grant date and mature within 10 years.

The Company adopted a new share option scheme (the “2024 Share Options Scheme”). The share options granted to eligible participants have a vesting period of not be less than 12 months and are exercisable before the expiry of a period of 10 years from the date of grant and in accordance with the terms of the 2024 Share Option Scheme set out in the circular of the Company dated 12 June 2024. No options granted or agreed to be granted during the reporting period.

Notes to the Unaudited Condensed Interim Financial Report

19. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share Option Schemes

The following table discloses movements of the Company's share options held by directors and employees of the Group during the six months ended 30 June 2024 and year ended 31 December 2023:

For the six months ended 30 June 2024:

Name of category of participant	Share option scheme	Date of grant	Vesting date	Exercise price HK\$	Outstanding at 1 January 2024	Granted during the period	Exercised during the period	Cancelled/ Expired during the period	Outstanding at 30 June 2024
Directors in aggregate	2023 Share Options 2020 Share Options	17 October 2023 18 May 2020	17 October 2024 18 May 2020	0.74 0.84	1,900,000 3,200,000	- -	- -	- -	1,900,000 3,200,000
Employees in aggregate	2023 Share Options 2020 Share Options	17 October 2023 18 May 2020	17 October 2024 18 May 2020	0.74 0.84	3,803,000 2,605,400	- -	- -	- -	3,803,000 2,605,400
					11,508,400	-	-	-	11,508,400

Notes to the Unaudited Condensed Interim Financial Report

19. EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Share Option Schemes (continued)

The following table discloses movements of the Company's share options held by directors and employees of the Group during the six months ended 30 June 2024 and year ended 31 December 2023: (continued)

For the year ended 31 December 2023:

Name of category of participant	Share option scheme	Date of grant	Vesting date	Exercise price HK\$	Outstanding at 1 January 2023	Granted during the year	Exercised during the year	Cancelled/ Expired during the year	Outstanding at 31 December 2023
Directors in aggregate	2023 Share Options	17 October 2023	17 October 2024	0.74	–	1,900,000	–	–	1,900,000
	2020 Share Options	18 May 2020	18 May 2020	0.84	3,600,000	–	–	(400,000)	3,200,000
	2013 Share Options	6 November 2013	30 June 2014	1.90	950,000	–	–	(950,000)	–
	2013 Share Options	6 November 2013	30 June 2016	1.90	570,000	–	–	(570,000)	–
	2013 Share Options	6 November 2013	30 June 2018	1.90	380,000	–	–	(380,000)	–
Employees in aggregate	2023 Share Options	17 October 2023	17 October 2024	0.74	–	3,803,000	–	–	3,803,000
	2020 Share Options	18 May 2020	18 May 2020	0.84	2,855,400	–	–	(250,000)	2,605,400
	2020 Share Options	18 May 2020	31 March 2021	0.84	6,250,000	–	–	(6,250,000)	–
	2020 Share Options	18 May 2020	31 March 2022	0.84	8,750,000	–	–	(8,750,000)	–
	2020 Share Options	18 May 2020	31 March 2023	0.84	10,000,000	–	–	(10,000,000)	–
	2013 Share Options	6 November 2013	30 June 2014	1.90	2,148,000	–	–	(2,148,000)	–
	2013 Share Options	6 November 2013	30 June 2016	1.90	1,416,000	–	–	(1,416,000)	–
	2013 Share Options	6 November 2013	30 June 2018	1.90	944,000	–	–	(944,000)	–
					37,863,400	5,703,000	–	(32,058,000)	11,508,400

As at 30 June 2024, 5,805,400 (31 December 2023: 5,805,400) share options were exercisable.

Notes to the Unaudited Condensed Interim Financial Report

20. SHARE CAPITAL

	At 30 June 2024 (unaudited)			At 31 December 2023 (audited)		
	No. of shares '000	HK\$'000	RMB'000	No. of shares '000	HK\$'000	RMB'000
Authorised: At beginning and end of the reporting period- Ordinary share of HK\$0.01 each	800,000	8,000	6,512	800,000	8,000	6,512
Issued and fully paid: At beginning and end of the reporting period	552,307	5,532	4,420	552,307	5,532	4,420

21. MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors, certain of the highest paid employees and two other key management personnel, is as follows:

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries, allowances and other benefits	1,926	5,268
Contributions to defined contribution retirement plan	125	91

Total remuneration is included in "staff costs" (note 5(b)).

(b) Related parties transactions

	Six months ended 30 June	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Services fee expenses	—	945

Notes to the Unaudited Condensed Interim Financial Report

22. FAIR VALUE DISCLOSURES

The following presents the financial assets measured at fair value or required to disclose their fair value in this condensed interim financial report on a recurring basis at the end of the reporting period across the three levels of the fair value hierarchy defined in HKFRS 13, Fair Value Measurement, with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

- Level 1 (highest level): quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 (lowest level): unobservable inputs for the asset or liability.

Financial assets measured at fair value

	At 30 June 2024 RMB'000 (unaudited)	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)
Financial assets measured at FVPL:				
– Equity investments	11,169	–	–	11,169

	At 31 December 2023 RMB'000 (audited)	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)
Financial assets measured at FVPL:				
– Equity investments	11,169	–	–	11,169

During the period ended 30 June 2024 and the year ended 31 December 2023, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The Group's policy is to recognise transfers between levels as at the end of the reporting period.

Notes to the Unaudited Condensed Interim Financial Report

22. FAIR VALUE DISCLOSURES *(continued)*

Financial assets measured at fair value *(continued)*

Movements in level 3 fair value measurements

Description	Financial assets measured at FVPL - Equity investments	
	At 30 June 2024 RMB'000 (unaudited)	At 31 December 2023 RMB'000 (audited)
At 1 January	11,169	6,964
Changes in fair value recognised in profit or loss during the period/year	—	4,205
At 30 June/31 December	11,169	11,169

Information about Level 3 fair value measurement

Unlisted equity investment

The fair value of unlisted equity investment is determined using the Adjusted Net Asset Value (ANAV) method, which mainly assesses the value of the assets and liabilities of the investee. The sales comparison approach or the depreciated replacement cost approach, as appropriate, is used in the valuation of the relevant assets of the investee.

The most significant unobservable input is the market price of the assets of the investee, which with reference to recent transactions of similar assets. The directors are of the opinion that there were no significant changes in the market price of the assets of the investee during the six months ended 30 June 2024.

23. CAPITAL COMMITMENTS

The Group had no significant capital commitment as at 30 June 2024 and 31 December 2023.

24. APPROVAL OF THE CONDENSED INTERIM FINANCIAL REPORT

The condensed interim financial report of 2024 was approved by the board of directors on 29 August 2024.

DIVIDENDS

The Board has resolved not to declare an interim dividend by the Company for the six months period ended 30 June 2024.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”), were as follows:

Name of Director	Nature of interest	Notes	Number of shares held	Number of underlying shares	Total interests (long position)	Approximate percentage of shareholding ^(Note B)
Mr. Zhang Tiewei	Beneficial interest, interests held jointly with other persons and interest in a controlled corporation	1, 2, 9	263,356,000	400,000	263,756,000	47.76%
Mr. Xu Kaiying	Interests held jointly with other persons and interest in a controlled corporation	3, 4, 9	263,356,000	400,000	263,756,000	47.76%
Mr. Pang Haoquan	Interests held jointly with other persons and interest in a controlled corporation	5, 6, 9	263,356,000	400,000	263,756,000	47.76%
Mr. Li Bin	Beneficial Interest	7	–	1,400,000	1,400,000	0.25%
Ms. Dai Jing	Beneficial Interest	7	–	1,300,000	1,300,000	0.24%
Mr. Tsang Hung Kei	Beneficial Interest	7	–	400,000	400,000	0.07%
Mr. Au Tien Chee Arthur	Beneficial Interest	7	–	400,000	400,000	0.07%
Mr. Zhou Xiaojiang	Beneficial Interest	7	–	400,000	400,000	0.07%

Other Information

Notes:

1. Mr. Zhang Tiewei, Chairman and executive Director, directly held 1,638,000 shares and 123,514,000 shares are held indirectly by him through Expert Depot Limited, a company incorporated in the British Virgin Islands which is wholly owned by him. By virtue of the SFO, he is also deemed to be interested in 138,204,000 Shares through an acting in concert confirmation dated 17 February 2023.
2. Mr. Zhang Tiewei's interest under equity derivatives was 400,000 share options.
3. Mr. Xu Kaiying, an executive Director, indirectly held 74,110,000 shares through Bliss Success Investments Limited, a company incorporated in the British Virgin Islands which is wholly owned by him. He is also deemed to be interested in 189,246,000 Shares through an acting in concert confirmation dated 17 February 2023 by virtue of the SFO.
4. Mr. Xu Kaiying's interest under equity derivatives was 400,000 share options.
5. Mr. Pang Haoquan, an executive Director, indirectly held 63,294,000 Shares through Novel Heritage Limited, a company incorporated in the British Virgin Islands which is wholly owned by him. He is also deemed to be interested in 200,062,000 Shares through an acting in concert confirmation dated 17 February 2023 by virtue of the SFO.
6. Mr. Pang Haoquan's interest under equity derivatives was 400,000 share options.
7. On 18 May 2020, the Company granted 400,000 share options under the Post-IPO Share Option Scheme to each of the directors of the Board. Except for Mr. He Darong, the then nonexecutive director, the remaining directors all accepted the share options granted by the Company. On 17 October 2023, the Company granted 1,000,000 and 900,000 share options under the Post-IPO Share Options Scheme to Mr. Li Bin and Ms. Dai Jing.
8. Calculated with reference to the number of issued Shares (552,307,936 shares) as at 30 June 2024.
9. Pursuant to an acting in concert confirmation dated 17 February 2023, Mr. Zhang Tiewei, Mr. Xu Kaiying, and Mr. Pang Haoquan confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, they are deemed to be interested in 263,756,000 shares, representing approximately 47.76% of the total issued share capital of the Company as at 30 June 2024 by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors and chief executives of the Company or their respective associates had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required 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 was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Directors' Right to Acquire Shares or Debentures

Name of director	Date of grant	Exercise Period (subject to vesting period)	Exercise price per share HKD	Exercised during the period	Number of shares subject to outstanding options as at 30 June 2024	Approximate percentage of our Company's issued capital
Zhang Tiewei	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Li Bin	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Dai Jing	17 October 2023	17 October 2024 – 16 October 2033	0.74	Nil	1,000,000	0.18%
	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
	17 October 2023	17 October 2024 – 16 October 2033	0.74	Nil	900,000	0.16%
Xu Kaiying	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Pang Haoquan	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Tsang Hung Kei	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Au Tien Chee Arthur	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Zhou Xiaojiang	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%

Save as disclosed above, at no time during the six-month period ended 30 June 2024 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the reporting period.

Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2024, so far as is known to the Directors or chief executives of the Company, the following persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Capacity	Notes	Number of Shares	Equity Derivatives	Total Equity (Long Position)	Approximate Percentage of Shareholding (Note 7)
Expert Depot Limited	Beneficial interest	1, 5	123,514,000	–	123,514,000	22.36%
Bliss Success Investments Limited	Beneficial interest	2, 5	74,110,000	–	74,110,000	13.42%
Novel Heritage Limited	Beneficial interest	3, 5	63,294,000	–	63,294,000	11.46%
New Maestro Investments Limited	Beneficial interest	4	44,998,000	–	44,998,000	8.15%
Chance Talent Management Limited	Beneficial interest	7	–	12,844,037	12,844,037	2.33%

Notes:

- Expert Depot Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Zhang Tiewei, our Chairman and an executive Director. Pursuant to the Fourth Supplemental Deed of Amendment of convertible bonds, Expert Depot Limited has agreed to pledge the 110,000,000 Shares in its CCBI Account in favour of Chance Talent Management Limited (the "Purchaser") to secure the remaining outstanding principal amount of the convertible bonds, details please refer to the section of "Pledging of Shares by Controlling Shareholder" on the following pages.
- Bliss Success Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Xu Kaiying, an executive Director.
- Novel Heritage Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Pang Haoquan, an executive Director.
- New Maestro Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. He Darong.
- Pursuant to an acting in concert confirmation dated 17 February 2023, Mr. Zhang Tiewei, Mr. Xu Kaiying, and Mr. Pang Haoquan confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, they are deemed to be interested in 263,756,000 shares, representing approximately 47.76% of the total issued share capital of the Company as at 30 June 2024 by virtue of the SFO.
- Calculated with reference to the number of issued Shares (552,307,936 shares) as at 30 June 2024.

Other Information

7. On 1 February 2018, the Company issued convertible bonds in the aggregate principal amount of HK\$154 million to Chance Talent Management Limited (“**Chance Talent Management**”).

The principal amount of the remaining convertible bonds was HK\$14,000,000 as at 30 June 2024. Assuming full conversion of the remaining balance of the convertible bonds at a conversion price of HK\$1.09 per share, 12,844,037 shares (the “**Convertible Shares**”) will be converted, issued and allotted to Chance Talent Management. For this purpose, Chance Talent Management is deemed to be interested in the Convertible Shares under the SFO.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who has the interests or short positions in any Shares or underlying Shares of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

SHARE OPTION SCHEME

The Company previously adopted two share option schemes by a written resolution of shareholders on 18 October 2013, namely the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme. No further options can be granted under the Pre-IPO Share Option Scheme after the listing of the Company and all options granted under the Pre-IPO Share Option Scheme were expired. The Post-IPO Share Option Scheme has expired in accordance with its terms on 18 October 2023, details please refer to the section of “The Post-IPO Option Scheme” on the following pages. The Company has adopted a new share option scheme (the “**2024 Share Option Scheme**”) by an ordinary resolution at the extraordinary general meeting on 28 June 2024 (the “**Adoption Date**”).

Other Information

The Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to participants including but not limited to employees, directors, consultants and business partners and to align their interests with the Group to further the development of the Group's business.

The validity period of the options granted shall be 10 years from the grant date (the "**Share Option Validity Period**"). The options shall lapse at the expiry of the Share Option Validity Period or earlier if the service relationship between the Company and the respective grantee of the options has terminated prior to the expiry of the validity period.

The Post-IPO Share Option Scheme has expired on 18 October 2023. Thereafter, no further options will be granted under the Post-IPO Share Option Scheme but the subsisting options granted thereunder prior to the expiry date will continue to be valid and exercisable in accordance with the terms of the Post-IPO Share Option Scheme.

The Company granted a total of 32,155,400 share options on 18 May 2020, of which 400,000 share options granted had been rejected by a grantee, leaving a balance of 31,755,400 share options. Of 31,755,400 share options, 3,600,000 share options have been granted to the directors of the Board, 3,155,400 share options have been granted to the core employees of the Group, and 25,000,000 share options have been granted to the employees of the Group who have been set specific performance targets as an incentive. On 17 October 2023, the Company granted an aggregate of 5,703,000 share options to eligible participants. Of 5,703,000 share options, 1,900,000 share options have been granted to the directors of the Board, 3,803,000 share options have been granted to the core employees of the Group. At 30 June 2024, the Post-IPO Share Options to subscribe for 11,508,400 shares remained outstanding.

During the six months period ended 30 June 2024, none of the Post-IPO Share Options granted have been exercised or lapsed or cancelled.

Other Information

During the six-month period ended 30 June 2024, the movements of the options which have been granted under the Post-IPO Share Option Scheme are set out below:

Category and name of participants	Date of Grant	Vesting period	Exercise period	Exercise price per share option	Outstanding as at 1 January 2024	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2024
Category 1 –Director									
Zhang Tiwei	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
Li Bin	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
	17 October 2023	17 October 2023 – 16 October 2024	17 October 2024 – 16 October 2033	HK\$0.74	1,000,000	–	–	–	1,000,000
Dai Jing	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
	17 October 2023	17 October 2023 – 16 October 2024	17 October 2024 – 16 October 2033	HK\$0.74	900,000	–	–	–	900,000
Xu Kaiying	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
Pang Haoquan	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
Tsang Hung Kei	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
Au Tien Chee Arthur	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
Zhou Xiaojiang	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	400,000	–	–	–	400,000
Sub-Total					5,100,000	–	–	–	5,100,000
Category 2 –Employees under continuous employment contract									
	18 May 2020	18 May 2020 – 18 May 2020	18 May 2020 – 17 May 2030	HK\$0.84	2,605,400	–	–	–	2,605,400
	17 October 2023	17 October 2023 – 16 October 2024	17 October 2024 – 16 October 2033	HK\$0.74	3,803,000	–	–	–	3,803,000
Sub-Total					6,408,400	–	–	–	6,408,400
Total									11,508,400

Other Information

The 2024 Share Option Scheme

The purpose of the 2024 Share Option Scheme is to enable the Board to grant options to the eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

The share options granted to eligible participants have a vesting period of not be less than 12 months and are exercisable before the expiry of a period of 10 years from the date of grant and in accordance with the terms of the 2024 Share Option Scheme.

The 2024 Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the 2024 Share Option Scheme is adopted.

A summary of the principal terms of the 2024 Share Option Scheme is set out in the circular of the Company dated 12 June 2024.

During the six months period ended 30 June 2024, no options had been granted or agreed to be granted under the 2024 Share Option Scheme.

The maximum number of shares which may be allotted and issued in respect of all options to be granted under the 2024 Share Option Scheme, and all share options and all share awards to be granted under any other schemes (the “**Scheme Mandate Limit**”) must not in aggregate exceed 10% of the total number of shares in issue as at the Adoption Date, and the maximum number of Shares which may be allotted and issued in respect of all options, all share options and all share awards to be granted to service providers (“**Service Providers**”) under the 2024 Share Option Scheme and any other schemes (the “**Service Provider Sublimit**”) must not in aggregate exceed 1% of the total number of shares in issue as at the Adoption Date, unless the Company has obtained separate approval by shareholders in general meeting.

The number of options available for grant under the scheme mandate and the Service Provider Sublimit at 1 January 2024 were N/A and N/A, and at 30 June 2024 were 43,722,393 and 5,523,079 respectively.

The number of shares that may be issued in respect of options granted under all share option schemes during the six months ended 30 June 2024 (i.e. 11,508,400 shares) divided by the weighted average number of shares (i.e. 552,307,936 shares) of the relevant class in issue for the period was 2.08%.

CORPORATE GOVERNANCE

The Company has adopted and complied with the code provisions in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the six months period ended 30 June 2024.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the code provisions in Part 2 of Appendix C1 to the Listing Rules.

CHANGES IN DIRECTORS’ INFORMATION

During the six-month period ended 30 June 2024, there was no change in directors’ information.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Model Code as set out in Appendix C3 to the Listing Rules as a code of conduct of the Company regarding the Directors’ transactions of the listed securities of the Company.

In response to the specific enquiry made by the Company, all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and there are no non-compliance with the required standard set out in the Model Code for the six-month period ended 30 June 2024.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has been established since 18 October 2013 and has formulated its written terms of reference in accordance with the prevailing provisions of the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures and risk management of the Company. The existing members of the Audit Committee include Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang, all of whom are independent non-executive Directors. Mr. Tsang Hung Kei is the chairman of the Audit Committee.

This Interim Report had been reviewed by the Audit Committee and the external auditor, Forvis Mazars CPA Limited.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 18 May 2020, our Company granted options to subscribe for an aggregate of 31,755,400 shares (the “**2020 Share Options**”) pursuant to the Post-IPO Share Option Scheme adopted on 18 October 2013. During the six months period ended 30 June 2024, none of the 2020 Share Options have been exercised or cancelled or lapsed. As at 30 June 2024, the 2020 Share Options to subscribe for 5,805,400 shares remained outstanding.

On 17 October 2023, our Company granted options to subscribe for an aggregate of 5,703,000 shares (the “**2023 Share Options**”) pursuant to the Post-IPO Share Option Scheme adopted on 18 October 2013. During the six months period ended 30 June 2024, none of the 2023 Share Options have been vested. As at 30 June 2024, the 2023 Share Options to subscribe for 5,703,000 shares remained outstanding.

On 28 June 2024, our Company adopted its latest share option scheme (the “**2024 Share Option Scheme**”) by an ordinary resolution at the extraordinary general meeting. During the six months period ended 30 June 2024, no options had been granted or agreed to be granted under the 2024 Share Option Scheme.

Save as disclosed above, during the six months period ended 30 June 2024, neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company’s listed securities.

CONVERTIBLE BONDS OF THE COMPANY ISSUED ON 1 FEBRUARY 2018

Pursuant to the Fourth Supplement Deed of Amendment of convertible bonds, the Company has redeemed principal of convertible bonds in the amount of HK\$14,000,000 on 30 January 2024 and the remaining outstanding principal amount was HK\$14,000,000. The Company has redeemed the remaining bond balance before 31 July 2024. Please refer to the section headed “**EVENTS AFTER THE REPORTING PERIOD**” on the following pages for details.

COMPETITION AND CONFLICT OF INTERESTS

Except for the interests in the Group, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the period under review.

PUBLIC FLOAT

The Company has maintained the public float as required by the HK Listing Rules up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the reporting period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures undertaken by the Group.

PLEDGING OF SHARES BY CONTROLLING SHAREHOLDER

During the Reporting Period, pursuant to the Fourth Supplemental Deed of Amendment of convertible bonds, Expert Depot Limited has agreed to pledge the 110,000,000 Shares in its CCBI Account in favor of the Purchaser to secure the then remaining outstanding principal amount of the convertible bonds in the amount of HK\$40,000,000 and all sums that remain due and payable under the convertible bonds by the Company to the Purchaser. As at 30 June 2024, Expert Depot Limited holds a total of 123,514,000 Shares, representing approximately 22.36% of the total issued shares and the pledged shares represent approximately 19.92% of the total issued shares. Expert Depot Limited is directly wholly owned by Mr. Zhang Tiewei (the chairman and executive director of the Company), who is a controlling shareholder of the Company as at the date of this report.

EVENTS AFTER THE REPORTING PERIOD

Expert Depot Limited has agreed to provide a shareholder's loan of HK\$16,000,000 (the "**Shareholder's Loan**") on 16 July 2024 to the Company as part of the re-financing of the Company's remaining convertible bonds. The salient terms of the Shareholder's Loan are unsecured, annual interest rate at 7.875% with monthly compounding for a period of three years from the date of disbursement.

On 26 July 2024, the Company has redeemed the outstanding Convertible Bonds at the principal amount of HK\$14,000,000 in whole at the redemption amount together with all accrued and unpaid interests and fees thereon pursuant to the terms of the Convertible Bonds Terms and Conditions and as amended by the Fourth Supplemental Amendments.

Following the full redemption, the Convertible Bonds were cancelled in whole and the Company is discharged from all the obligations under and in respect of the Convertible Bonds. The Subscription Agreement and the Bond Instrument have been terminated. The Company has no other convertible bond in issue after the full redemption. The Purchaser has released the 110,000,000 shares of the Company charged by Expert Depot Limited.

Other Information

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months period ended 30 June 2024 containing all the information required by the Listing Rules will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.chinasuccessfinance.com). Printed copies of the interim report will be available upon request, details of which was be set out in the one time notification letter dated 12 July 2024.

APPRECIATION

The Board would like to express sincere gratitude to the management of the Group and all the staff for their continuous support and contributions. The Board also takes this opportunity to thank its loyal shareholders, investors, customers, auditors, business partners and associates for their continued faith in the prospects of the Group.

By order of the Board
China Success Finance Group Holdings Limited
ZHANG Tiewei
Chairman

Hong Kong, 20 September 2024

As at the date of this report, the Board comprises (i) five executive directors, namely, Mr. Zhang Tiewei, Mr. Li Bin, Ms. Dai Jing, Mr. Xu Kaiying and Mr. Pang Haoquan and (ii) three independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Zhou Xiaojiang.