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SY HOLDINGS GROUP LIMITED

盛業控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6069)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

PERFORMANCE HIGHLIGHTS

For the six months ended 30 June 2024

- In line with the Group's platform-based strategy, total cumulative platform users were over 16,700 as of 30 June 2024, representing an increase of approximately 22.8% as compared to over 13,600 as of 30 June 2023. Total funding partners increased by 13.1% from 122 as of 30 June 2023 to 138 as of 30 June 2024.
- Total cumulative supply chain assets processed was approximately RMB216 billion as of 30 June 2024, representing an increase of approximately 22.0% as compared to approximately RMB177 billion as of 30 June 2023.
- Revenue from platform-based technology services¹ for the six months ended 30 June 2024 was RMB153.8 million representing an increase of approximately 82.9%, as compared to RMB84.1 million for the six months ended 30 June 2023. The proportion of revenue from platform-based technology services in Group's total revenue and income from principal activities is approximately 35.3%, representing a significant increase as compared to approximately 17.0% for the six months ended 30 June 2023.
- With the deepening cooperation between SY and regional high-quality state-owned enterprises, share of profit of associate for the six months ended 30 June 2024 was RMB40.7 million representing an increase of approximately 698.0%, as compared to RMB5.1 million for the six months ended 30 June 2023.

1. The platform-based technology services included technology service for loan facilitation, referral service, technology service for asset-backed securitisation products, supply chain technology services and other services.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

2024 Interim Review

In the first half of 2024, SY Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**” or “**SY**”) focused on promoting inclusive finance as outlined in the China’s Central Financial Work Conference, integrating technology with industry supply chains. The Group has deepened its involvement in national pillar industries of infrastructure, pharmaceuticals and commodities, while also expanded its product offerings into strategic emerging industries such as cross-border e-commerce and energy storage. SY committed to enhance its ability to serve the real economy, provide small, medium, and micro-enterprises (“**SMEs**”) in the supply chain of more convenient access to inclusive financial services, thereby boosting social responsibility and value creation. As at 30 June 2024, the platform’s cumulative number of customers was over 16,700, and the cumulative amount of supply chain assets processed by the platform was approximately RMB216 billion, increased by approximately 22.8% and 22.0% respectively compared to that as at 30 June 2023. The proportion of SMEs customers was approximately 96.69%. As SY’s technology and industry digital ecosystems become more interconnected, the Group’s business scale continues to expand. During the six months ended 30 June 2024, the Group recorded an adjusted net profit¹ of RMB166 million, while the revenue from digital financing solutions reached RMB275 million. The daily average balance of supply chain assets (including both self-funded and loan facilitation supply chain assets) during the period was approximately RMB20.429 billion, representing a year-on-year growth of about 61.7%.

SY leveraged the investment into technological innovation and the commercialization of R&D achievements as entry points to drive a positive and dynamic business cycle of “technology-industry-finance”. By 30 June 2024, the Group’s cumulative R&D investment reached RMB222 million, holding 68 national invention patents and software copyrights. The Group leveraged technology to enhance its platform’s linking capabilities, precisely matching high-quality assets with inclusive funds. This resulted in revenue and income from principal activities of RMB436 million, with revenue from platform-based technology services reaching approximately RMB154 million, a year-on-year increase of approximately 82.9% and accounted for 35.3% of the total revenue, indicating the main driver of the Group’s performance growth in the future.

¹ Exclude the impacts of gain on disposal of subsidiaries and equity-settled share-based payments pursuant to share incentive plan.

Expanding Business Territory and Linking New Industry Ecosystems

In terms of strategic breakthroughs, SY has proactively aligned with the Ministry of Commerce and other national departments' initiatives on enhancing cross-border e-commerce exports and overseas warehouse development. By strategically acquisition of a comprehensive group that specializes in e-commerce supply chain services and innovative pharmaceutical industry investments, SY has swiftly positioned itself in the fast-growing cross-border e-commerce sector. SY has established partnerships with several leading cross-border e-commerce platforms, offers innovative inclusive financing solutions, facilitates SME vendors in China to shorten their payment settlement cycles and accelerate their capital turnover, contributes to the globalization of "Made in China" and enables Chinese customers to shop worldwide, ultimately develops new drivers of business growth.

In terms of inclusive financial cooperation, the Group continues to implement its platformization strategy, supporting the expansion of inclusive finance for regional supply chains. In the first half of 2024, the factoring companies jointly operating by SY and high-quality regional state-owned enterprises ("SOEs") in Wuxi, Ningbo, Xiamen and Qingdao maintained strong growth momentum, with a total business scale surpassing RMB15.7 billion. Additionally, the number of funding partners on the platform has increased to 138, representing a growth of 13.1%.

In terms of inclusive finance innovation, SY has actively exploring innovative applications in the Digital Renminbi pilot program. In collaboration with Agricultural Bank of China, SY successfully implemented Zhejiang Province's first innovative business of "Digital Renminbi + Smart Contracts + Factoring Financing + Wage Payment of Construction Workers". This initiative not only met financing needs of SY's customers in infrastructure sector, but also secured the direct disbursement of wages to the construction workers hired by the customers, providing sustainability and social benefits to the industry. Additionally, leveraging the advantages of the "Digital Renminbi + Factoring" model, including that it supports 7*24 hours of settlement as well as provides transparent and full-cycle trackable record of the payment, SY effectively mitigates trust issues between enterprises, addresses financing needs across various supply chains, and ensures that inclusive financial services are available any time, any where. As of 30 June 2024, SY has disbursed approximately RMB243 million of factoring financing loans via Digital Renminbi.

Commitment to Compliance and Embracing Regulation

SY is always committed to compliance and is actively participated in the construction of the national credit system. The Company's wholly-owned subsidiary, SY Commercial Factoring Co., Ltd., was recognized for its outstanding data quality in credit reporting system by the Credit Reference Center of the People's Bank of China. Additionally, SY was awarded the "2024 Digital Innovation Leading Award" at the 13th Finance Summit and received certifications as a "Multinational Company Headquarters Enterprise" in Shenzhen City and a "Multinational Company Headquarters Institution" in Guangdong Province.

Corporate Responsibility and Sustainable Development

SY adheres to the philosophy of “Technology for Good”, tackling social issues such as the financing difficulties faced by small and micro enterprises while actively engaging in public welfare and charity. The SY Charity Foundation, initiated by the company and recognized as a AAA-grade social organization, focuses on areas like “Caring for Children in Difficulties”, “Youth Inspiration Programs”, and “Rural Revitalization Support”. As of now, SY has contributed over RMB13.76 million to public welfare, with cumulative public service hours exceeding 6,098 hours and affecting over 11,800 people.

Since March this year, SY Charity Foundation has organized the “SY Light: A beam of light to warm hearts” events in Ningxia and Qinghai, conducted free medical screenings of congenital heart disease for children from disadvantaged families and providing surgical treatment assistance for 12 children with the condition. In April 2024, SY Charity Foundation participated in the “One Egg Walkathon” charity event, once again advocating for children and raising over RMB30,000 to support the protection of underprivileged children in central and western China. In July 2024, SY Charity Foundation actively participated in the targeted assistance projects organized by the Shenzhen and Tianjin Financial Bureaus, donating RMB160,000 to Shangguan Town in Dongyuan County, Heyuan City, and Gaoxinzhuang Village in Tianjin, to support the construction of village infrastructure.

Leveraging its deep understanding and practice of ESG principles, SY has been awarded an updated A rating in the MSCI ESG Ratings, leading the domestic financial industry. It has also been recognized by S&P Global with its ESG score ranking in the top 26% of peers globally. Additionally, SY places great emphasis on talent development, employee care and corporate culture, earning a spot on the 2024 Bloomberg Green Finance “DEI Inclusive Workplace” list and the 2024 51Job “Outstanding Employer” list. Looking ahead, the Group will continue to uphold ESG principles, providing inclusive financial services with a human touch, and contributing to the high-quality development of the real economy with “SY strength”.

FINANCIAL REVIEW

Revenue and income from principal activities

The principal activities of the Group include the provision of platform-based technology services, digital financing solutions and sales of supply chain assets.

The Group's total revenue and income from principal activities decreased by 11.9% year-on-year to RMB436.1 million for the six months ended 30 June 2024, compared to RMB494.8 million for the corresponding period in last year, mainly due to the deemed disposal of Wuxi Guojin Commercial Factoring Co., Ltd. (“WXGJ”) in February 2024. Since WXGJ became an associate of the Group, the financial result of WXGJ will be accounted under share of profits of associates.

The following table sets forth the comparative figures and as a percentage of total revenue and income from principal activities for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June					
	2024	2024		2023	2023	
	RMB'000	% of total revenue	Year-on-year	RMB'000	% of total revenue	
Revenue from platform-based technology services						
– Technology service for loan facilitation	100,997	23.1%	242.4%	29,501	6.0%	
– Referral service	50,913	11.7%	35.1%	37,687	7.6%	
– Technology service for asset-backed securitisation products	1,038	0.2%	N/A	–	–	
– Supply chain technology services	57	0.0%	-99.7%	16,651	3.4%	
– Other services	774	0.2%	244.0%	225	0.0%	
Subtotal	153,779	35.2%	82.9%	84,064	17.0%	
Income from digital financing solutions						
– Interest income from supply chain assets	257,652	59.1%	-25.2%	344,407	69.6%	
– Guarantee income	16,469	3.8%	72.1%	9,570	1.9%	
– Interest income from contracts containing significant financing components	917	0.2%	-6.1%	977	0.2%	
Subtotal	275,038	63.1%	-22.5%	354,954	71.7%	
Gain on sales of supply chain assets	7,233	1.7%	-87.0%	55,818	11.3%	
Revenue and income from principal activities	436,050	100.0%	-11.9%	494,836	100.0%	

Platform-based technology services

Revenue from the platform-based technology services comprises (i) services fees received from customers by providing technology service for loan facilitation through the SY Cloud platform (a data-driven supply chain technology platform empowered by the Group) during the loan period of the customers; (ii) services fees received from customers by referring the customers to the funding partners; (iii) technology service fees that the Group charged for facilitating the issuance of ABS/ABN by associates; (iv) technology services fees received from customers by providing supply chain technology services such as smart enterprise solutions and supply chain procurement systems; and (v) services fees received from customers by providing AR management services. Revenue from platform-based technology services significantly increased by 82.9% year-on-year to approximately RMB153.8 million for the six months ended 30 June 2024, compared to approximately RMB84.1 million for the corresponding period of last year, mainly driven by the expansion of its loan facilitation business, due to the Group's push towards a platform-based transformation, providing SMEs, core enterprises and funding partners with convenient one-stop supply chain financing services.

Digital financing solutions

Revenue from the digital financing solutions comprises (i) interest income received from providing flexible supply chain financing solutions; (ii) guarantee services fees arising mainly from the Group's loan facilitation business; and (iii) interest income from supply chain technology services contracts which contain significant financing components. Income from the digital financing solutions decreased by 22.5% year-on-year to RMB275.0 million for the six months ended 30 June 2024, compared to RMB355.0 million for the corresponding period of last year, mainly due to the deemed disposal of WXGJ in February 2024, please refer to note 20(a) of the "Notes to the condensed consolidated financial statements" for details.

Gain on sales of supply chain assets

The Group may sell rights of supply chain assets as a way to improve cash flow and manage its supply chain assets portfolio. Gain from this business segment is equal to the excess of the consideration received and receivable over the carrying amount of the supply chain assets. The gain on sales of supply chain assets decreased by 87.0% year-on-year to RMB7.2 million for the six months ended 30 June 2024, compared to RMB55.8 million for the corresponding period of last year, which is mainly due to the decrease in the amounts of supply chain assets sold during the period.

Other gains and losses

The Group booked other gains of RMB27.2 million in the first half of 2024, an increase of 331.7% year-on-year, compared to RMB6.3 million for the corresponding period of last year. The increase was mainly due to the net impact of (i) increase in fair value gain of other financial assets at FVTPL; (ii) decrease of fair value loss of other financial liabilities at FVTPL; (iii) gain on disposal of subsidiaries; and (iv) decrease in fair value gain of derivative financial instruments.

Expenses

The following table sets forth the comparative figures of the principal components of the operational expenses for the six months ended 30 June 2024 and 2023.

	Six months ended 30 June		Year-on-year
	2024	2023	
	RMB'000	RMB'000	
Staff Costs	69,127	60,457	14.3%
Depreciation and amortisation	15,003	15,678	-4.3%
Other costs and operating expenses (excluding materials cost)	24,108	26,432	-8.8%
Total	108,238	102,567	5.5%

The Group's total operational expenses increased by 5.5% year-on-year to RMB108.2 million for the six months ended 30 June 2024, compared to RMB102.6 million for the corresponding period of last year, mainly due to the increase in staff costs of RMB8.7 million.

The operational cost-to-income ratio for the first half of 2024 was 24.8% as compared with 20.7% for the corresponding period in 2023, excluding materials cost and one-time expenses.

Net profit

Net profit in the first half of 2024 was RMB165.1 million, a decrease of RMB21.9 million or 11.7% year-on-year, compared to RMB187.0 million for the six months ended 30 June 2023.

Adjusted net profit

Adjusted net profit decreased by 11.8% year-on-year to RMB166.0 million for the six months ended 30 June 2024, compared to RMB188.3 million for the six months ended 30 June 2023.

Non-HKFRSs measure: Adjusted net profit

To supplement our consolidated results which are prepared and presented in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”), we utilize non-HKFRSs adjusted net profit (“**adjusted net profit**”) as an additional financial measure. We define adjusted net profit as profit for the period, as adjusted by excluding gain on disposal of subsidiaries and equity-settled share-based payments based on our share incentive plan.

Adjusted net profit is not required by, or presented in accordance with, HKFRSs. We believe that the presentation of non-HKFRSs measures when shown in conjunction with the corresponding HKFRSs measures provides useful information to investors and management regarding financial and business trends in relation to our financial condition and results of operations, by eliminating any potential impact of items that our management does not consider to be indicative of our operating performance, such as certain non-cash items and the impact of certain non-recurring investment transactions. We also believe that the non-HKFRSs measures are appropriate for evaluating the Group’s operating performance. However, the use of this particular non-HKFRSs measure has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our results of operations or financial conditions as reported under HKFRSs. In addition, this non-HKFRSs financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures used by other companies.

The following tables set forth reconciliations of the Group’s non-HKFRSs measures for the six months ended 30 June 2024 and 2023, respectively, to the nearest measures prepared in accordance with HKFRSs.

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
Profit for the six months ended 30 June	<u>165,126</u>	<u>187,006</u>
Less:		
Gain on disposal of subsidiaries (<i>note 1</i>)	(5,177)	–
Add:		
Equity-settled share-based payments based on our share incentive plan (<i>note 2</i>)	<u>6,016</u>	<u>1,303</u>
Adjusted net profit for the period (non-HKFRSs)	<u><u>165,965</u></u>	<u><u>188,309</u></u>

Notes:

1. It represents the non-recurring gain from the disposal of subsidiaries, which is one-off in nature.
2. It represents the share options/restricted share unit (“RSU”) that we granted under our share incentive plan, which is a non-cash expense.

Supply chain assets at fair value through other comprehensive income (“FVTOCI”)

Supply chain assets at FVTOCI as of 30 June 2024 were RMB5,720.3 million, a 28.9% decrease year-on-year. Daily average balance of self-funded supply chain assets over the first half of 2024 were RMB6,237.6 million, a 21.4% decrease over the corresponding period of last year. Based on the daily average balance of self-funded supply chain assets, interest yield on supply chain assets in the first half of 2024 was 8.3%, which was 0.4 percentage points lower year-on-year.

The details of major terms of supply chain assets, including collateral types, maturity profile, and the size and diversity of clients are set out below.

As at 30 June 2024, all of the total supply chain assets were secured by charge over trade receivable, in respect of which the legal title and legal right to receivable cash flows were also transferred to the Group. Furthermore, the supply chain assets of RMB218.9 million were secured by certain commercial acceptance bills received from customers (31 December 2023: supply chain assets of RMB160.5 million were secured by certain commercial acceptance bills received from customers and the supply chain assets of RMB16.6 million were secured by deposit from customers). The bills and deposits can be applied and used to settle any outstanding receivables of supply chain assets for the corresponding contract if default occurs.

As at 30 June 2024, there were a total of 2,366 (31 December 2023: 3,187) outstanding supply chain assets obtained by the Group, out of which 122 (31 December 2023: 137) supply chain assets are referred to as sizeable loans with principal amount which exceeds RMB10,000,000, 612 (31 December 2023: 744) supply chain assets with principal amount between RMB1,000,000 and RMB10,000,000, 1,632 (31 December 2023: 2,306) supply chain assets with principal amount less than RMB1,000,000.

As at 30 June 2024, the outstanding supply chain assets of RMB679.7 million (31 December 2023: RMB397.4 million) were obtained from the related parties (which is an associate of the Group under the Listing Rules) of the Group. The remaining balance of the outstanding supply chain assets were obtained from the independent third parties of the Group. The supply chain assets normally have a term of 1 to 23 months (31 December 2023: 1 to 24 months) and the effective interest rates ranging mainly from 6.00% to 15.00% (31 December 2023: 4.90% to 14.00%) per annum.

Supply chain assets at FVTOCI with ageing analysis presented below per maturity dates:

	30 June 2024	As at	
	RMB'000	31 December 2023	30 June 2023
		RMB'000	RMB'000
Within six months	2,821,880	5,087,444	3,387,986
Within a period of more than six months but not exceeding one year	2,888,812	2,449,011	4,578,427
Within a period of more than one year but not exceeding two years	9,563	126,889	77,281
	5,720,255	7,663,344	8,043,694

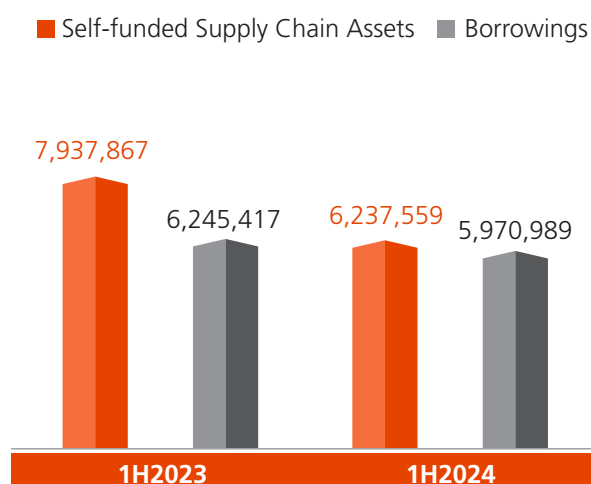
Movements in impairment loss allowance on supply chain assets

The Group's impairment loss allowance on supply chain assets decreased by 25.2% year-on-year to RMB65.7 million as at 30 June 2024, compared to RMB87.8 million as at 30 June 2023, mainly due to the decrease in gross carrying amount of supply chain assets. No impairment loss allowance were written off for the six months ended 30 June 2024 (for the six months ended 30 June 2023: nil).

Borrowings and finance costs

Borrowings, including loans from related parties, as of 30 June 2024 was RMB5,874.8 million, a 10.6% decrease year-on-year. Daily average borrowings over the first half of 2024 was RMB5,971.0 million, a 4.4% decrease year-on-year. The decrease in finance costs of RMB14.6 million year-on-year was mainly due to the decrease in the daily average balance of borrowings and the decrease in average borrowings interest rate from 6.4% for the six months ended 30 June 2023 to 6.2% for the six months ended 30 June 2024.

Daily Average Balance (RMB'000)



Taxation

Income tax expenses represent the tax expense arising from the assessable profit generated by the Group in the PRC, withholding tax levied on interest income of Hong Kong subsidiaries, withholding tax levied on dividend declared by a PRC subsidiary and deferred tax. Except for certain PRC subsidiaries that enjoy preferential tax rates, PRC enterprise income tax is calculated at 25% of the estimated assessable profits for six months ended 30 June 2024 and 2023. The increase in the effective tax rate from 18.3% for the six months ended 30 June 2023 to 27.3% for six months ended 30 June 2024 was mainly attributable to the increase in profit before taxation in subsidiaries with applicable tax rate of 25% and the increase in withholding tax on the undistributed earnings of PRC subsidiaries.

For the six months ended 30 June 2024, income tax expenses amounted to approximately RMB62.0 million (for the six months ended 30 June 2023: RMB42.0 million).

KEY INTERNAL CONTROLS IN RESPECTIVE OF DIGITAL FINANCING SOLUTIONS

The Group has established and maintained comprehensive approval and risk assessment procedures, sound internal control system and established credit risk control policies in place which take into account internal and external factors to determine the approval of digital financing solutions. The Group applies industry risk assessment model which is based on a conventional risk control and industry-specific evaluation model for credit assessment of digital financing solutions.

With an in-depth accumulated understanding of the industry, the Group verifies and validates the authenticity and rationality of transactions of SME customers by crosschecking transaction information with multi-dimensional data. By processing comprehensive evaluation of the SME customers which takes trading status in the supply chain into account when determining the customers' financial positions, the Group could approach and provide prudent and tailored digital financing solutions to the underserved SME customers and meanwhile mitigate the fraud risk thereunder.

Credit approval

Leveraged by the industry risk assessment model, the Group applies the double-layer credit approval system in the digital financing solutions business to manage the risk exposure on each customer and the operations of the Group as a whole. The double-layer credit approval system includes the assessment of the credit limit of a customer (the “**Customer Quota**”) and the credit limit of each utilization request made by the customer (the “**Utilization Quota**”).

- ***Customer Quota***

The Group strategically focuses on the selected key industries and core enterprises to develop and improve its industry risk assessment model. Therefore the Group is capable to assess the comprehensive value of its potential SME customers not merely by their financial performance, but also by their trading status in the supply chain ecosystem considering, inter alia, the credibility of the core enterprises, the stability of the cooperation between the SME customers and the core enterprises, and the continuous operation of the SME customers.

The Customer Quota is generally determined between the potential customer and the Group based on arm's length negotiation by considering, among others, (i) the capital needs of the potential customer; and (ii) the comprehensive value of the potential customer assessed and determined by the Group applying the industry risk assessment model.

- ***Utilization Quota***

After the Customer Quota is approved by the Group, the customer could apply for the utilization of digital financing solutions. The aggregated outstanding amount of the utilizations of a customer shall not exceed the Customer Quota granted to the customer, and the amount of each application shall not exceed the Utilization Quota determined by the Group separately.

The Utilization Quota is generally determined by the Group upon each application considering, among others, (i) the amount of accounts receivables owned by the customer which is of sufficient value (being more than or equal to the amount of the utilization applied by the customer) as credit enhancement for the provision of the digital financing solutions under the specific application; and (ii) the transaction profile maintained on a real-time basis by the Group from which the accounts receivables are originated. The transaction profile is empowered by the Group's data-driven supply chain technology platform, known as "SY Cloud Platform", which verifies transactional authenticity with multi-dimensional and diversified-sourced data by incorporating a comprehensive suite of technologies such as electronic signatures, OCR, NLP, big data analytics, video authentication and facial recognition.

Monitoring of loan recoverability

The timely repayment of the digital financing solutions and risk exposures is monitored by the Group's Risk Management Department. Leveraging on the data-driven technology platform, the Group continues to monitor the assets through regular monitoring of repayment, invoice status verification and 24-hour public opinion monitoring to ensure that the entire financing process is under comprehensive, continuous and effective management and control.

The Group establishes close cooperation with various banks, opens designated accounts, collects and monitors the repayment information in a timely manner, and effectively tracks the customers' continuity of business operation and stability of cooperation with core enterprises, thereby further strengthening the risk control and realizing closed-loop cash flow management.

Loan collection

Where irregularity is noted by the Risk Management Department, a working group comprised of multi-functional team members will plan and take remedial actions, which normally include extending repayment terms or negotiating settlement proposals with the customer. If these remedial actions prove unsuccessful, the Group will take legal action against the customer and take control of the collateral assets.

BUSINESS OUTLOOK AND PROSPECTS

SY will continue to adhere to the core theme of inclusive finance as outlined by the Central Financial Work Conference, driving the Group's development with Dual-Engine, One-Platform growth strategy. Through strategic cooperation with core enterprises, the Group will continue to leverage its technology to embed itself into the supply chain ecosystem, build a supply chain technology platform, and provide one-stop services to core state-owned enterprises, SMEs, and funding partners. While deepening its current business in national pillar industries such as infrastructure, healthcare and commodities, SY will also expand its industrial coverage in strategic emerging industries, including but not limited to cross-border e-commerce and energy storage sectors. SY will conduct in-depth cooperation discussions with core enterprises within these industries to actively expand its development opportunities.

Technological capability will continue to be a core component of SY's DNA. Under the Dual-Engine, One-Platform strategy, SY will continue to invest in R&D and innovation to lay a solid foundation for its leading technological position in the supply chain ecosystem. For the platform-based technology business segment, SY has formed ecosystem alliances with leading enterprises in various sub-sectors, enabling the Group to integrate their leading products on SY's platforms to generate one-stop customized solutions which can in turn accelerate the Group's platformisation. Meanwhile, SY will also deepen ties with ecosystem partners through strategic investments including equity and debt commitments. Leveraging complementary strengths and resource advantages, the Group will rapidly increase its market share. The Group's platform-based technology segment will continue to empower the digital finance segment, which capitalizes on its platform linkage capabilities to provide differentiated services to the supply chain, thereby maintaining its industry-leading position and rapid growth. SY will adhere to its long-term outlook, invest further in R&D and improve risk management through digital technologies to drive high-quality and steady growth and achieve long-term sustainable development.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

During the six months ended 30 June 2024, the Group's main sources of funds were the cash generated from its daily operation, and proceeds from new borrowings. As at 30 June 2024, the Group had cash and cash equivalents of RMB741.1 million (31 December 2023: RMB658.2 million), of which 97.6% and 1.8% were denominated in RMB and HK\$ respectively. Net cash from operating activities was RMB574.6 million in the first half of 2024 (for the six months ended 30 June 2023: RMB633.9 million), a decrease of RMB59.3 million year-on-year mainly due to the decrease in net cash from supply chain assets at FVTOCI.

As at 30 June 2024, the Group had interest-bearing borrowings and loans from related parties which amounted to RMB5,874.8 million (31 December 2023: RMB7,182.9 million). Its gearing ratio, expressed as total liabilities over total equity was 1.67 as at 30 June 2024 (31 December 2023: 1.91).

INTERIM DIVIDEND

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

USE OF PROCEEDS

The Placement in 2021

On 24 September 2021 (after the trading hours), the Company and China International Capital Corporation Hong Kong Securities Limited (the “**Placement Agent**”) entered into a placement agreement pursuant to which the Company conditionally agreed to place, through the Placement Agent on a best effort basis, a maximum of 63,068,000 ordinary shares at a price of HKD8.80 per share (the “**Placement**”). The placing shares were allotted and issued pursuant to the general mandate for the Company.

The Placement was completed on 5 October 2021. An aggregate of 63,068,000 new shares were successfully issued by the Company and placed by the Placing Agent to two placees, namely Xitong International Holdings (HK) Limited and Pavilion Capital Fund Holdings Pte. Ltd., at a price of HKD8.80 for each new share. The new shares from the Placement represent approximately 6.29% of the issued share capital of the Company translating to total net proceeds of approximately HKD550.8 million (equivalent to approximately RMB456.2 million).

The placing price of HKD8.80 per share represents: (i) a discount of approximately 7.95% to the closing price of HK\$9.56 per share as quoted on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 September 2021; (ii) a discount of approximately 9.45% to the average closing price of the shares of approximately HK\$9.718 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding but excluding 24 September 2021; and (iii) a discount of approximately 9.44% to the average closing price of the shares of approximately HK\$9.717 per share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding but excluding 24 September 2021.

Use of proceeds from the Placement

During the year ended 31 December 2021, 2022, 2023 and six months ended 30 June 2024, details of the use of proceeds of the Placement were as follows:

Use of proceeds	Net proceeds raised (Approximately HK\$ million)	Actual use of net proceeds during the year ended 31 December 2021 (Approximately HK\$ million)	Actual use of net proceeds during the year ended 31 December 2022 (Approximately HK\$ million)	Actual use of net proceeds during the year ended 31 December 2023 (Approximately HK\$ million)	Actual use of net proceeds during the six months ended 30 June 2024 (Approximately HK\$ million)	Intended use and expected timeline of the remaining amount of net proceeds
Strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing	275.4	275.4	–	–	–	The amount of strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing had been fully utilised.
Expansion and development of the Group's supply chain technology services segment	165.2	2.3	33.2	20.7	25.6	The remaining unutilised amount of approximately HK\$83.4 million will be used for expansion and development of the Group's supply chain technology services segment and is expected to be fully utilised by 31 December 2025.
General working capital of the Group's platformisation	110.2	7.1	103.1	–	–	The amount of net proceeds for general working capital of the Group's platformisation had been fully utilised.

SUPPLEMENTAL INFORMATION IN RELATION TO THE USE OF PROCEEDS FROM THE PLACEMENT SET OUT IN THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Reference is made to the annual report of the Company for the year ended 31 December 2023 published on 26 April 2024 (the “**Annual Report**”).

In addition to the information disclosed in the Annual Report, the Board of Directors would like to provide additional information pursuant to paragraph 11(8) of Appendix D2 to the Listing Rules in relation to the use of proceeds raised from the Placement completed on 5 October 2021.

As disclosed in the annual report of the Group for the year ended 31 December 2022 published on 27 April 2023, as of 31 December 2022, the remaining unutilised net proceeds raised from the Placement allocated to expansion and development of the Group’s supply chain technology services segment is expected to be fully utilised by 31 December 2023.

The Company has been actively expanding its supply chain technology service business, mainly focusing on developing supply chain technology services in the infrastructure and pharmaceutical industries to create business synergies. Since (i) the Company needs more time to conduct business research and evaluate its business needs and the risks involved in order to identify potential projects and promote implementation; and (ii) secure better business returns and strive for a more advantageous market position of the Company, as disclosed in the Annual Report, it is expected that the remaining unutilised net proceeds allocated to expansion and development of the Group’s supply chain technology services segment of approximately HK\$109.0 million is expected to be fully utilized by 31 December 2025.

The Board of Directors considers that the delay in the use of the unutilised net proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

The expected timeline of full utilisation of the unutilised net proceeds is based on the Directors’ best estimation barring any unforeseen circumstances, and may be subject to change based on the market conditions. Should there be any material change or delay in the use of proceeds, further announcement(s) will be made by the Company as and when appropriate.

The supplementary information set out above does not affect other information contained in the Annual Report and, save as disclosed above, all other information set out in the Annual Report remains unchanged.

CAPITAL COMMITMENTS

As at 30 June 2024, the capital commitments of the Group comprised of purchase of property and equipment of approximately RMB249.4 million and investment in an associate of approximately RMB0.2 million (31 December 2023: purchase of property and equipment of approximately RMB352.0 million and investment in an associate of approximately RMB0.2 million).

CONTINGENT LIABILITIES

Save as disclosed in note 17 of the “Notes to the condensed consolidated financial statements”, the Group did not have any other guarantees or other material contingent liabilities as at 30 June 2024.

PLEDGE OF ASSETS

As at 30 June 2024, the Group had pledged bank deposits of RMB865.1 million, equity tranche of RMB174.2 million, and certain supply chain assets with an aggregate carrying amount of RMB4,331.0 million to banks, third parties and an associate for facilities, loan facilitation platform in partnership with banks and derivative financial instruments (31 December 2023: pledged bank deposits of RMB866.5 million, wealth management products of RMB102.7 million, equity tranche of RMB63.0 million, investment property with carrying amount of RMB31.1 million, and certain supply chain assets with an aggregate carrying amount of RMB3,208.8 million to banks and third parties for facilities, loan facilitation platform in partnership with banks and derivative financial instruments).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

On 28 February 2024, the Company entered into a collaboration agreement with 無錫市太湖新城資產經營管理有限公司 (Wuxi Taihu New City Asset Management Co., Ltd.*) (“**Wuxi Taihu New City**”), WXGJ and other subsidiaries of the Company (the “**Collaboration Agreement**”), pursuant to which, among others, Wuxi Taihu New City subscribed RMB569.4 million of the capital increase in WXGJ, and the parties agreed to provide financial assistance and guarantees pursuant to the terms of the Collaboration Agreement. The Group’s total indirect equity interest in WXGJ had been diluted from 80% to 49% and WXGJ ceased to become a subsidiary of the Group. Details of the capital increase and terms of the Collaboration Agreement are disclosed in the Company’s announcements dated 28 February 2024 and 20 March 2024 and the Company’s circular dated 24 April 2024.

In March 2024, the Group de-registered 霍爾果斯永卓商業保理有限公司 (Khorgos Yong Zhuo Factoring Limited*).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

As at 30 June 2024, the Group did not make any significant investments.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group aims to become the most reliable supply chain technology platform in Asia under the “Dual-Engine, One-Platform” strategy announced in January 2021. To achieve this goal, the Group will continue to explore initiatives to acquire technological capabilities, more comprehensive data insights and open new markets to capitalize on the burgeoning demand for supply chain financial services. Meanwhile, the Group will continue its investment in the key strategic areas, inter alia, industrial digitalisation and digital finance, to further strengthen the Group’s platform-based technology services and market position within the supply chain ecosystem. SY is also continuously focusing on and researching national strategic and emerging industries such as new energy, new infrastructure, e-commerce. Going forward, SY will further strengthen collaboration with outstanding regional SOEs and embed itself into their supply chain ecosystems to efficiently reach more local customers and contribute to the development of the real economy.

FOREIGN EXCHANGE RISKS

The Group’s exposure to foreign currency risk relates primarily to cash and cash equivalents, pledged bank deposits, other receivables, equity instruments at FVTOCI, other financial assets at FVTPL, other financial liabilities at FVTPL, trade and other payables, borrowings and lease liabilities that are denominated in HK\$, US\$ and S\$. The Group has entered into cross currency swap contracts and foreign currency forward contracts during the period to manage its foreign currency risk exposures arising from certain variable-rate bank borrowings denominated in HK\$ and US\$. The management manages and monitors this exposure to ensure appropriate measures are implemented on a timely and effective manner.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had a total of 361 staff (As at 31 December 2023: 358 staff). Total staff costs (including Directors’ emoluments) were approximately RMB81.9 million (including share option benefits RMB5.1 million and RSU benefits RMB0.9 million) for the six months ended 30 June 2024 (for the six months ended 30 June 2023: RMB71.8 million, including share option benefits RMB0.6 million and RSU benefits RMB0.7 million). Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. In light of the Group’s continuous strive to maintain its market position, recruitment and retention of talent is of paramount importance to the future development of the Group. Therefore, the Group is committed to continuously enhancing and optimizing its remuneration and benefits policies to remain competitive. A comprehensive incentive plan has been adopted to reward existing and retain new senior management members and employees. Year-end bonuses are based on individual performance and are paid to employees as recognition of and reward for their contributions. Other benefits include contributions to the statutory mandatory provident fund scheme and social insurance together with housing provident funds for the employees in the PRC (including Mainland China and Hong Kong SAR) and Singapore, respectively.

The Group adopted the share option scheme, restricted share unit scheme and a new share scheme to reward existing and retain new members and employees. Details are set out under the paragraph headed “Share Option Scheme”, “Restricted Share Unit Scheme” and “Share Scheme” in this announcement.

Employees in Mainland China are covered by the mandatory social security schemes operated by the PRC Government. The Group is required by the PRC laws to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits.

In Hong Kong SAR of China, the Group participates in a Mandatory Provident Fund Scheme (the “**MPF Scheme**”) established under the Mandatory Provident Fund Schemes Ordinance (Cap 485 of the Laws of Hong Kong). The assets of the MPF Scheme are held separately from those of the Group and administered by an independent trustee. Under the MPF Scheme, the Group and its employees are each required to make a contribution to the MPF Scheme at 5% of the employees’ relevant monthly income subject to a cap, which is currently set at HK\$1,500.

In Singapore, the Group participates in a defined contribution scheme which is administered by the Central Provident Fund (“**CPF**”) Board in Singapore. Under the CPF, the employer and the employees are each required to make contributions to the fund at the applicable rates of the eligible employees’ salaries.

RECENT DEVELOPMENT OF REGULATORY FRAMEWORK

There was no significant change of the regulatory framework which would have material adverse impact on the Group’s business and operations during the six months ended 30 June 2024.

The Directors confirmed that the Group will be able to comply with the applicable laws.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2024, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to provisions set out in Appendix C3 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/nature of interest	Number and class of securities interested	Percentage of shareholding
Mr. Tung Chi Fung (<i>Note 1</i>)	Beneficiary of a trust and settlor of a discretionary trust	560,601,960 (L) (<i>Note 2</i>)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L) (<i>Notes 2 and 3</i>)	0.04%
Mr. Chen Jen-Tse	Beneficial owner	581,000 (L) (<i>Note 2</i>)	0.06%
	Share option	1,700,000 (<i>Note 4</i>)	0.17%
Mr. Lo Wai Hung	Beneficial owner	360,000 (L) (<i>Note 2</i>)	0.04%
Mr. Loo Yau Soon	Share option	300,000 (<i>Note 4</i>)	0.03%
Mr. Fong Heng Boo	Share option	300,000 (<i>Note 4</i>)	0.03%

Notes:

1. Wisdom Cosmos Limited (“**Wisdom Cosmos**”), a company incorporated in the British Virgin Islands (“**BVI**”), is the beneficial owner of 560,601,960 shares of the Company, representing approximately 56.72% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander Limited (“**Eander**”), a company incorporated in the BVI, which is in turn wholly owned by TMF (Cayman) Ltd (“**TMF Trust**”), trustee of the Pak Jeff Trust (“**PJ Trust**”), an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
2. The letter “L” denotes long position of the shares of the Company.
3. As at 30 June 2024, the Company repurchased an aggregate of 444,500 shares for holding as treasury shares. As such, Wisdom Cosmos, Eander, TMF Trust and Mr. Tung as controlling shareholders of the Company are taken to have an interest in 444,500 treasury shares of the Company, representing approximately 0.04% shareholding interests in the Company.
4. This refers to the number of underlying Shares covered by its share option scheme adopted on 19 June 2017.

Save as disclosed herein, as at 30 June 2024, none of the Directors or chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (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 or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to provisions set out in Appendix C3 of the Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2024, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	Capacity/ nature of interest	Number and class of securities interested (Note 1)	Percentage of shareholding
TMF Trust (Notes 2 and 3)	Trustee	560,601,960 (L)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L)	0.04%
Eander (Notes 2 and 3)	Interest in a controlled corporation	560,601,960 (L)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L)	0.04%
Wisdom Cosmos (Notes 2 and 3)	Beneficial owner	560,601,960 (L)	56.72%
	Deemed interests of treasury shares held by the Company	444,500 (L)	0.04%
Wuxi Communications Industry Group Co., Ltd (“WXCIG”) (Note 4)	Interest in a controlled corporation	61,363,500 (L)	6.21%
Xitong International Holdings (HK) Limited (“Xitong”) (Note 4)	Beneficial owner	61,363,500 (L)	6.21%

Notes:

1. The letter “L” denotes long position of the shares of the Company.
2. Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 560,601,960 shares of the Company, representing approximately 56.72% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.
3. As at 30 June 2024, the Company repurchased an aggregate of 444,500 shares for holding as treasury shares. As such, Wisdom Cosmos, Eander, TMF Trust and Mr. Tung as controlling shareholders of the Company are taken to have an interest in 444,500 treasury shares of the Company, representing approximately 0.04% shareholding interests in the Company.
4. Xitong, a company incorporated in Hong Kong, is the beneficial owner of 61,363,500 shares of the Company, representing approximately 6.21% shareholding interests in the Company. The entire issued share capital of Xitong is owned by WXCIG, a company incorporated in the PRC, which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of Wuxi Municipal People’s Government. Under the SFO, WXCIG and Xitong are deemed to be interested in all the shares of the Company registered in the name of Xitong.

Save as disclosed above, as at 30 June 2024, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

SHARE OPTION SCHEME

On 19 June 2017, the sole shareholder of the Company adopted the share option scheme (the “**2017 Share Option Scheme**”) by way of written resolution which became effective on 6 July 2017. At the annual general meeting of the Company held on 21 May 2024, the Shareholders of the Company approved the termination of the 2017 Share Option Scheme and the new share scheme becoming effective (the “**2024 Share Scheme**”).

During the six months ended 30 June 2024, (i) no share options were granted; (ii) 15,425,000 granted options were outstanding; (iii) no granted options were exercised; (iv) 200,000 granted options were lapsed; and (v) no granted options were cancelled under the 2017 Share Option Scheme.

Pursuant to Rule 17.07(1)(c) of the Listing Rules, the closing prices of the Shares immediately before 15 July 2020 and 10 June 2022, being the dates on which the share options were granted pursuant to the 2017 Share Option Scheme, were HK\$6.60 and HK\$6.32 respectively.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the 2017 Share Option Scheme as at 1 January 2024 and 30 June 2024 were 47,712,500 and nil, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for issue under the 2017 Share Option Scheme and remained outstanding is 63,337,500 Shares, representing approximately 6.41% of the 987,886,000 ordinary Shares of the Company in issue (excluding treasury shares) as at the date of this announcement.

Following the termination of the 2017 Share Option Scheme, no further options will be granted thereunder. None of the share options granted under the 2017 Share Option Scheme will become void or non-exercisable as a result of the termination of the 2017 Share Option Scheme.

RESTRICTED SHARE UNIT (“RSU”) SCHEME

On 6 April 2022, the Board approved the adoption of the restricted share unit scheme (the “**RSU Scheme**”). On 21 March 2024, the Board approved the termination of the RSU Scheme upon the 2024 Share Scheme being approved by the Shareholders of the Company at the 2024 annual general meeting and becoming effective, being 21 May 2024.

During the six months ended 30 June 2024, (i) no RSUs were granted; (ii) 510,000 granted RSUs were outstanding under the RSU scheme; (iii) 490,000 granted RSUs were vested; (iv) 80,000 granted RSUs were lapsed; and (v) no granted RSUs were cancelled under the RSU Scheme.

Pursuant to Rule 17.07(1) of the Listing Rules, the closing prices of the Shares immediately before 10 June 2022, being the date on which the RSUs were granted, was HK\$6.32.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of RSUs available for grant under the RSU scheme as at 1 January 2024 and 30 June 2024 were 19,012,570 and nil, respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the RSU Scheme is 19,602,570 Shares, representing approximately 1.98% of the 987,886,000 ordinary Shares of the Company in issue (excluding treasury shares) as at the date of this announcement.

Following the termination of the RSU Scheme, no further RSUs will be granted thereunder. All RSUs granted prior to such termination and not vested on the date of termination shall remain valid.

SHARE SCHEME

The principal terms of the 2024 Share Scheme are set out in the circular of the Company dated 29 April 2024. No share options have been granted under the 2024 Share Scheme since becoming effective on 21 May 2024, therefore, a maximum number of 98,975,000 Shares are available for grant and issue under the 2024 Share Scheme, representing approximately 10.02% of the Shares in issue (excluding treasury shares) as at the date of this announcement.

Save for the adoption of the 2024 Share Scheme as disclosed in the circular and announcement of the Company dated 29 April 2024 and 21 May 2024 respectively, no new share awards have been granted nor any existing share schemes have been adopted by the Company as at 30 June 2024.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 30 June 2024, the remaining life of the 2024 Share Scheme is about 9 years and 10 months old.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of shares that may be issued in respect of share options, RSUs and/or awards granted under the 2017 Share Option Scheme, the RSU Scheme and the 2024 Share Scheme during the six months ended 30 June 2024 divided by the weighted average number of shares of the relevant class in issue for the same period was 8.39%.

Apart from the aforesaid, at no time during the six months ended 30 June 2024 was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

During the six months ended 30 June 2024, the Company repurchased 1,562,000 shares on the Stock Exchange for an aggregate consideration of approximately HKD6.74 million before expenses. The shares repurchased before 11 June 2024 were subsequently cancelled, while the 444,500 shares repurchased from 17 June 2024 to 24 June 2024 are held by the Company as treasury shares. The repurchase was effected by the Board for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of purchase in the six months ended 30 June 2024	No. of shares purchased	Purchase consideration per share		Aggregate consideration paid HKD
		Highest price paid HKD	Lowest price paid HKD	
January	429,000	4.42	4.13	1,826,105
February	64,500	4.47	4.40	285,075
April	500,000	4.30	4.21	2,095,025
May	124,000	4.41	4.28	533,955
June	444,500	4.55	4.53	1,999,415
TOTAL	<u>1,562,000</u>			<u>6,739,575</u>

Save as above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares) during the six months ended 30 June 2024.

As at 30 June 2024, the Company held 444,500 treasury shares, representing approximately 0.04% of the Company's shares in issue.

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

For the six months ended 30 June 2024, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the provisions set out in Appendix C3 of the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions adopted by the Company during the period from the Listing Date to the date of this announcement.

CHANGES IN INFORMATION OF DIRECTORS

During the six months ended 30 June 2024, there is no change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PERMITTED INDEMNITY

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all liabilities (to the fullest extent permitted by the Companies Ordinance) which he may incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has taken out insurance against all liabilities associated with defending any proceedings which may be brought against Directors and other officers of the Company.

MANAGEMENT CONTRACTS

No contract, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business was entered into or existed during the first half of 2024.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, at least 25% of the Company's total issued Shares was held by the public throughout the six months ended 30 June 2024 and thereafter up to the date of this announcement.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF

The Directors are not aware of any tax relief available to the Shareholders of the Company by reason of their holding of the Company's securities.

CORPORATE GOVERNANCE

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Group will continue to comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules and the associated Listing Rules (the “**CG Code**”).

The shares of the Company were successfully listed on GEM on 6 July 2017 (the “**Listing Date**”) and were transferred to the Main Board on 24 October 2019. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the period from the Listing Date to 30 June 2024.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 June 2017 with written terms of reference in compliance with Rules 3.21 to 3.24 of the Listing Rules and paragraph D.3 of the CG Code as set out in Appendix C1 to the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee the internal control and risk management procedures of the Company. The Audit Committee currently consists of three members, namely Mr. Tang King San Terence, Mr. Loo Yau Soon and Mr. Fong Heng Boo. The Chairman of the Audit Committee is Mr. Tang King San Terence.

The Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2024 and the interim report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

The Company’s independent auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

EVENT AFTER THE REPORTING PERIOD

On 9 July 2024, Sheng Ye International Capital Limited (a direct wholly-owned subsidiary of the Company) (the “**Purchaser**”), the Company and Future Gold Enterprises Limited (the “**Vendor**”) entered into the share purchase agreement (the “**Agreement**”), pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, all the issued shares of Great Style Holdings Limited (the “**Target Company**”), at a closing consideration of RMB300 million. Subject to the satisfaction of the performance targets of the Target Company in 2024 and 2025, the Purchaser has agreed to pay an additional contingent consideration of up to RMB500 million in aggregate. Details of Agreement are disclosed in the Company’s announcement dated 9 July 2024.

Save for the event disclosed above and in note 21 of the consolidated financial statements, the Company had no other significant subsequent event after reporting period.

INTERIM RESULTS

The board of Directors of the Company (the “**Board**”) announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023. The financial information has been approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the Six Months ended 30 June 2024

	NOTES	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from platform-based technology services	4	153,779	84,064
Income from digital financing solutions	4		
– Interest income from supply chain assets		257,652	344,407
– Guarantee income		16,469	9,570
– Interest income from contracts containing significant financing components		917	977
Gain on sales of supply chain assets	4	7,233	55,818
Revenue and income from principal activities		<u>436,050</u>	<u>494,836</u>
Other income	5	38,165	38,340
Other gains and losses	6	27,153	6,347
Staff costs	9	(69,127)	(60,457)
Depreciation and amortisation	9	(15,003)	(15,678)
Other costs and operating expenses	9	(24,138)	(41,843)
Impairment losses under expected credit loss (“ECL”) model, net of reversal	15	(21,285)	4,633
Finance costs	7	(185,414)	(200,021)
Donation	9	–	(2,206)
Share of profit of associates		40,702	5,051
Profit before taxation		227,103	229,002
Taxation	8	(61,977)	(41,996)
Profit for the period	9	<u>165,126</u>	<u>187,006</u>
Attributable to:			
– Owners of the Company		155,322	174,862
– Non-controlling interests		9,804	12,144
		<u>165,126</u>	<u>187,006</u>
Earnings per share	11		
– Basic (RMB cents)		16	18
– Diluted (RMB cents)		16	18

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Six Months ended 30 June 2024

		Six months ended 30 June	
		2024	2023
	<i>NOTE</i>	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period	9	165,126	187,006
Other comprehensive income (expense) (“OCI”):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through OCI (“FVTOCI”)		381	4,220
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		54	(76)
Fair value gain, net of ECL, and reclassification of FVTOCI reserves upon derecognition on:			
– supply chain assets at FVTOCI		(1,058)	4,131
Income tax relating to items that may be reclassified subsequently		265	(899)
Share of other comprehensive income of associates, net of related income tax		173	330
Release to profit or loss in relation to disposal of subsidiaries		3,145	–
Other comprehensive income for the period, net of income tax		2,960	7,706
Total comprehensive income for the period		168,086	194,712
Attributable to:			
– Owners of the Company		162,724	181,089
– Non-controlling interests		5,362	13,623
		168,086	194,712

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

		30 June 2024	31 December 2023
	<i>NOTES</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Non-current assets			
Property and equipment		127,947	68,264
Right-of-use assets		97,632	102,973
Investment property		30,612	31,053
Goodwill		–	316,028
Intangible assets		59,783	168,611
Investments in associates	<i>12</i>	1,352,130	582,968
Deferred tax assets		8,942	18,163
Other financial assets at fair value through profit or loss ("FVTPL")	<i>13</i>	419,844	414,041
Supply chain assets at FVTOCI	<i>14</i>	9,563	126,889
Equity instruments at FVTOCI		63,179	61,498
Loans to an associate		280,000	280,000
Trade and bill receivables		20,765	23,429
Other receivables, prepayments and others		11,810	8,315
		<u>2,482,207</u>	<u>2,202,232</u>
Current assets			
Derivative financial instruments		5,894	14,063
Other financial assets at FVTPL	<i>13</i>	365,255	202,036
Supply chain assets at FVTOCI	<i>14</i>	5,710,692	7,536,455
Debt instrument at amortised cost		–	18,968
Loans to an associate		95,361	89,727
Receivables from guarantee customers		6,117	6,412
Trade and bill receivables		29,783	46,509
Other receivables, prepayments and others		44,876	49,119
Contract costs		1,421	557
Time deposits		22,146	128,830
Pledged bank deposits		865,126	866,450
Cash and cash equivalents		741,054	658,210
		<u>7,887,725</u>	<u>9,617,336</u>

		30 June	31 December
		2024	2023
	<i>NOTES</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Current liabilities			
Loans from related parties		2,834,976	960,654
Trade and other payables	16	364,505	294,752
Derivative financial instruments		1,985	9,579
Contract liabilities		69,559	58,995
Income tax payable		47,399	31,791
Liabilities arising from guarantee contracts	17	41,424	31,078
Borrowings	18	2,774,779	4,673,232
Other financial liabilities at FVTPL		–	61,208
Lease liabilities		10,493	9,799
		<u>6,145,120</u>	<u>6,131,088</u>
Net current assets		<u>1,742,605</u>	<u>3,486,248</u>
Non-current liabilities			
Liabilities arising from guarantee contracts	17	4,916	1,316
Borrowings	18	265,046	1,546,754
Loans from related parties		–	2,299
Lease liabilities		5,683	10,170
Deferred tax liabilities		60,813	64,654
		<u>336,458</u>	<u>1,625,193</u>
Net assets		<u>3,888,354</u>	<u>4,063,287</u>
Capital and reserves			
Share capital	19	8,547	8,559
Reserves		3,839,657	3,918,007
		<u>3,848,204</u>	<u>3,926,566</u>
Equity attributable to owners of the Company		3,848,204	3,926,566
Non-controlling interests		40,150	136,721
		<u>3,888,354</u>	<u>4,063,287</u>
Total equity		<u>3,888,354</u>	<u>4,063,287</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Six Months ended 30 June 2024

	Attributable to owners of the Company												Total RMB'000
	Share capital RMB'000	Treasury stock RMB'000	Share premium RMB'000	Share held for restricted share unit scheme ("RSU Scheme") RMB'000	Capital reserves RMB'000	FVTOCI reserves/ Revaluation reserves RMB'000	Translation reserves RMB'000	Share-based payments reserves RMB'000	Statutory reserves RMB'000	Retained profits RMB'000	Subtotal RMB'000	Non- controlling interests RMB'000	
At 1 January 2024 (unaudited)	8,559	(1,009)	2,109,563	(59,444)	(87,181)	24,745	(233)	24,416	321,086	1,586,064	3,926,566	136,721	4,063,287
Profit for the period	-	-	-	-	-	-	-	-	-	155,322	155,322	9,804	165,126
Other comprehensive income (expense) for the period	-	-	-	-	-	7,348	54	-	-	-	7,402	(4,442)	2,960
Total comprehensive income (expense) for the period	-	-	-	-	-	7,348	54	-	-	155,322	162,724	5,362	168,086
Purchase of shares under RSU Scheme	-	-	-	(2,188)	-	-	-	-	-	-	(2,188)	-	(2,188)
Repurchase of shares	-	(6,124)	-	-	-	-	-	-	-	-	(6,124)	-	(6,124)
Cancellation of treasury stock	(12)	5,315	(5,303)	-	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(742)	(742)
Disposal of subsidiaries (note 20)	-	-	-	-	-	-	-	-	-	-	-	(101,191)	(101,191)
Recognition of equity-settled share-based payments	-	-	-	-	-	-	6,016	-	-	-	6,016	-	6,016
Dividends recognised as distribution (note 10)	-	-	(239,333)	-	-	-	-	-	-	-	(239,333)	-	(239,333)
Exercise of RSU	-	-	227	2,478	-	-	-	(2,162)	-	-	543	-	543
At 30 June 2024 (unaudited)	<u>8,547</u>	<u>(1,818)</u>	<u>1,865,154</u>	<u>(59,154)</u>	<u>(87,181)</u>	<u>32,093</u>	<u>(179)</u>	<u>28,270</u>	<u>321,086</u>	<u>1,741,386</u>	<u>3,848,204</u>	<u>40,150</u>	<u>3,888,354</u>

Attributable to owners of the Company

	Share capital	Treasury stock	Share premium	Share held for RSU Scheme	Capital reserves	FVTOCI reserves/ Revaluation reserves	Translation reserves	Share-based payments reserves	Statutory reserves	Retained profits	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 (unaudited)	8,717	-	2,272,342	(39,311)	1,775	15,064	(137)	25,933	216,115	1,415,694	3,916,192	207,497	4,123,689
Profit for the period	-	-	-	-	-	-	-	-	-	174,862	174,862	12,144	187,006
Other comprehensive income (expense) for the period	-	-	-	-	-	6,303	(76)	-	-	-	6,227	1,479	7,706
Total comprehensive income (expense) for the period	-	-	-	-	-	6,303	(76)	-	-	174,862	181,089	13,623	194,712
Purchase of shares under RSU Scheme	-	-	-	(10,693)	-	-	-	-	-	-	(10,693)	-	(10,693)
Repurchase of shares	-	(90,794)	-	-	-	-	-	-	-	-	(90,794)	-	(90,794)
Cancellation of treasury stock	(143)	87,671	(87,528)	-	-	-	-	-	-	-	-	-	-
Capital contribution by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of additional interest in a subsidiary of the Company	-	-	-	-	(89,231)	-	-	-	-	-	(89,231)	(38,566)	(127,797)
Disposal of partial interests in a subsidiary without losing control	-	-	-	-	275	-	-	-	-	-	275	23,725	24,000
Recognition of equity-settled share-based payments	-	-	-	-	-	-	-	1,303	-	-	1,303	-	1,303
Dividends recognised as distribution (note 10)	-	-	(68,549)	-	-	-	-	-	-	-	(68,549)	-	(68,549)
Lapse of share options	-	-	-	-	-	-	-	(917)	-	917	-	-	-
At 30 June 2023 (unaudited)	8,574	(3,123)	2,116,265	(50,004)	(87,181)	21,367	(213)	26,319	216,115	1,591,473	3,839,592	206,279	4,045,871

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months ended 30 June 2024

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	574,566	633,920
INVESTING ACTIVITIES		
Proceeds from disposal of other financial assets at FVTPL	910,072	431,755
Repayments from loans to associates	120,222	150,500
Proceeds from time deposits	107,766	4,360
Redemption of a debt instrument at amortised cost	19,000	–
Payment for settlement of derivative financial instruments	10,102	(16,529)
Bank interest income received	7,985	4,837
Dividends received from associates	6,465	–
Repayment of a loan receivable	6,264	164,000
Interest received from loans to associates	589	1,200
Interest received from debt instrument at amortised cost	479	490
Guarantee income received from an associate	263	–
Proceeds from disposal of equipment	4	32
Dividends received from equity investments	3	–
Payments for refundable rental deposits	–	(53)
Placement of time deposits	–	(16,758)
Investment in an associate	–	(140,449)
Repayment of security deposit for a loan receivable	–	(164,000)
Construction related deposits received	–	4,000
Placement of pledged bank deposits for derivative financial instruments	(31)	–
Purchase of equity instruments at FVTOCI	(1,300)	(100)
Advances of a loan receivable	(6,262)	–
Payment for development costs and purchase of other intangible assets	(12,415)	(14,079)
Purchase of property and equipment	(30,365)	(13,615)
Advances of loans to an associate	(105,000)	(147,000)
Net cash outflow on disposal of subsidiaries (<i>note 20</i>)	(206,936)	–
Purchase of other financial assets at FVTPL	(1,026,776)	(466,300)
NET CASH USED IN INVESTING ACTIVITIES	(199,871)	(217,709)

	Six months ended 30 June	
	2024	2023
	RMB'000	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
New borrowings raised	1,720,050	4,080,980
Loans raised from related parties	2,800,161	1,812,821
Withdrawal of pledged bank deposits for borrowings	503,397	211,358
Withdrawal of pledged wealth management products for bank borrowings	104,639	206,941
Proceeds received on exercise of RSU Scheme	543	–
Proceeds from other financial liabilities at FVTPL	–	92,115
Proceeds from disposal of partial interest in a subsidiary without losing control	–	23,000
Repayment of security deposits for borrowings	–	6,699
Temporary advance to a non-controlling shareholder of a subsidiary	–	(41,650)
Acquisition of additional interest in a subsidiary of the Company	–	(87,294)
Placement of wealth management products pledged for borrowings	–	(171,247)
Interest paid for lease liabilities	(529)	(584)
Purchase of shares under RSU Scheme	(2,188)	(10,693)
Repayment of lease liabilities	(4,864)	(6,169)
Payment on repurchase and cancellation of shares	(6,124)	(90,794)
Dividends paid to non-controlling shareholders of subsidiaries	(29,226)	–
Repayment of other financial liabilities at FVTPL	(63,902)	–
Interest paid for loans from related parties	(79,911)	(27,758)
Interest paid for borrowings	(110,253)	(170,975)
Dividends paid to the shareholders of the Company	(239,333)	–
Placement of pledged bank deposits for borrowings	(681,414)	(251,586)
Repayment of loans from related parties	(1,979,360)	(1,529,857)
Repayment of borrowings	(2,219,803)	(4,417,230)
	<u>(288,117)</u>	<u>(371,923)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE IN CASH AND CASH EQUIVALENTS	86,578	44,288
CASH AND CASH EQUIVALENTS AT 1 JANUARY	658,210	577,033
Effect of foreign exchange rate changes	(3,734)	(5,819)
	<u>741,054</u>	<u>615,502</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months ended 30 June 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On 28 February 2024, the Group entered into a capital injection agreement with the non-controlling shareholder of Wuxi Guojin Factoring Limited (“WXGJ”) which agreed to contribute a total of RMB569,400,000 into WXGJ, an indirectly-held subsidiary of the Company. Upon the completion of the transaction on 29 February 2024, the Group’s equity interest in WXGJ diluted from 80% to 49% with a loss of control.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from the application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

2.1 Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)

The Group’s right to defer settlement for borrowings of RMB201,857,000 and RMB811,489,000 as at 1 January and 31 December 2023, respectively are subject to compliance with certain financial ratios only after the reporting period. Upon the application of the 2022 Amendments, such borrowings are still classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date.

Except as described above, the application of the 2020 and 2022 Amendments has no other material impact on the classification of the Group’s other liabilities.

3. SEGMENT INFORMATION

The chief operating decision maker (“CODM”), being the executive directors of the Company, have determined that no segment information is presented other than entity wide disclosures throughout the reporting period, as the Group is principally engaged in providing platform-based technology services, digital financing solutions and sales of supply chain assets services mainly in the PRC, and the CODM, reviews the condensed consolidated financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

The Company is an investment holding company and the principal place of the Group’s operation is mainly in the PRC. Most of the Group’s revenue, income and major non-current assets are principally derived from or located in the PRC.

4. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES

Revenue and income from principal activities for the period represents income received and receivable mainly from the provision of platform-based technology services, digital financing solutions and sales of supply chain assets in the PRC.

(i) Disaggregation of revenue from platform-based technology services

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Technology service for loan facilitation	100,997	29,501
Referral service	50,913	37,687
Technology service for asset-backed securitisation (“ABS”) products	1,038	–
Supply chain technology services	57	16,651
Other services	774	225
	153,779	84,064
	153,779	84,064
	153,779	84,064

	Six months ended 30 June	
	2024	2023
	RMB’000	RMB’000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time		
– Technology service for loan facilitation	100,997	29,501
– Supply chain technology services	57	16,651
– Other services	774	225
	101,828	46,377
A point in time		
– Referral service	50,913	37,687
– Technology service for ABS products	1,038	–
	51,951	37,687
	153,779	84,064
	153,779	84,064

(ii) **Income from digital financing solutions**

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Digital financing solutions</i>		
– Interest income from supply chain assets	257,652	344,407
– Guarantee income	16,469	9,570
– Interest income from contracts containing significant financing components	917	977
	<u>275,038</u>	<u>354,954</u>

(iii) **Gain on sales of supply chain assets**

For the six months ended 30 June 2024 and 2023, the Group sold part of supply chain assets to certain financial institutions mainly in the PRC. Sales of supply chain assets gave rise to full derecognition of the supply chain assets pursuant to the terms of sale agreements signed between the Group and relevant financial institutions.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Gain on sales of supply chain assets	<u>7,233</u>	<u>55,818</u>

5. OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government subsidies	17,735	25,721
Interest income		
– bank deposits	11,270	7,629
– loans to associates	6,056	3,806
– debt instruments at amortised cost	411	471
– loan receivable	2	–
Rental income from an investment property	329	321
Guarantee income from an associate	263	–
Dividends from equity instruments at FVTOCI		
– relating to investments held at the end of the reporting period	3	–
Others	<u>2,096</u>	<u>392</u>
	<u>38,165</u>	<u>38,340</u>

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net gain (loss) from changes in fair value of		
– other financial assets at FVTPL	25,113	6,410
– derivative financial instruments	7,587	20,373
– other financial liabilities at FVTPL	(2,694)	(14,260)
Gain on disposal of subsidiaries (<i>note 20</i>)	5,177	–
Gain from modification of lease contracts	25	–
Loss on disposal of equipment	(9)	–
Exchange loss, net	(7,764)	(5,952)
Others	(282)	(224)
	<u>27,153</u>	<u>6,347</u>

7. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest and guarantee expenses on borrowings	112,915	167,386
Interest on loans from related parties	71,970	32,051
Interest on lease liabilities	529	584
	<u>185,414</u>	<u>200,021</u>

8. TAXATION

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax	65,801	53,074
– Withholding tax levied on dividend declared of a PRC subsidiary	–	2,000
– Withholding tax levied on interest income of a Hong Kong subsidiary	65	512
	<u>65,866</u>	<u>55,586</u>
Deferred tax	(3,889)	(13,590)
	<u>61,977</u>	<u>41,996</u>

9. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Directors' emoluments	2,588	3,331
Other staff costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share-based payment expenses	73,032	62,706
– Staff's retirement benefit scheme contributions	6,293	5,731
	<hr/>	<hr/>
Total staff costs	81,913	71,768
Less: amount capitalised in intangible assets	(12,276)	(10,843)
Less: amount capitalised in contract cost	(510)	(468)
	<hr/>	<hr/>
Staff costs recognised in profit or loss	69,127	60,457
	<hr/>	<hr/>
Depreciation of property and equipment	878	1,568
Depreciation of right-of-use assets	6,520	7,530
Depreciation of investment property	441	400
Amortisation of intangible assets	8,243	6,187
	<hr/>	<hr/>
Total depreciation and amortisation	16,082	15,685
Less: amount capitalised in development costs	–	(7)
amount capitalised in buildings under construction	(1,079)	–
	<hr/>	<hr/>
Depreciation and amortisation recognised in profit or loss	15,003	15,678
	<hr/>	<hr/>
Research and development costs (<i>note</i>)	8,458	7,211
Materials cost recognised as an expense	30	15,411
Donation	–	2,206
	<hr/> <hr/>	<hr/> <hr/>

Note: During the six months ended 30 June 2024, research and development costs mainly consist of staff costs amounted to RMB8,458,000 (six months ended 30 June 2023: RMB7,195,000).

10. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the period:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
2023 final – HK26.9 cents (2023: 2022 final dividend HK7.5 cents) per share	<u>262,566</u>	<u>74,349</u>

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Shown in the condensed consolidated financial statements	<u>239,333</u>	<u>68,549</u>

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2024.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>155,322</u>	<u>174,862</u>

	Six months ended 30 June	
	2024	2023
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	979,697	990,675
Effect of dilutive potential ordinary shares:		
Share options/RSU Scheme	<u>260</u>	<u>541</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>979,957</u>	<u>991,216</u>

12. INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cost of investments in associates, unlisted	1,297,450	562,698
Share of post-acquisition profit, net of dividends received	54,610	20,373
Share of post-acquisition OCI	70	(103)
	<u>1,352,130</u>	<u>582,968</u>

13. OTHER FINANCIAL ASSETS AT FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Unlisted investment funds	264,204	245,351
Equity tranche	318,381	190,962
Wealth management products	125,364	102,685
Unlisted equity investments	75,550	75,550
Trust fund	1,600	1,529
	<u>785,099</u>	<u>616,077</u>
Analysed for reporting purposes as:		
Current assets	365,255	202,036
Non-current assets	419,844	414,041
	<u>785,099</u>	<u>616,077</u>

14. SUPPLY CHAIN ASSETS AT FVTOCI

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Supply chain assets at FVTOCI	<u>5,720,255</u>	<u>7,663,344</u>
Analysed for reporting purposes as:		
Current assets	5,710,692	7,536,455
Non-current assets	<u>9,563</u>	<u>126,889</u>
	<u><u>5,720,255</u></u>	<u><u>7,663,344</u></u>

As at 30 June 2024, the effective interest rates of the supply chain assets at FVTOCI range mainly from 6.00% to 15.00% (31 December 2023: 4.90% to 14.00%) per annum.

As at 30 June 2024, the gross carrying amount of supply chain assets of RMB6,895,000 is past due (31 December 2023: RMB2,551,000). When analysing the credit quality of supply chain assets at FVTOCI, the entire outstanding of balance of the supply chain assets is classified as past due in the event that instalments repayment of a supply chain asset at FVTOCI is past due.

15. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL

	Six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
Impairment losses recognised (reversed) on:		
– Supply chain assets at FVTOCI	9,105	(4,235)
– Financial guarantee contracts	12,388	(365)
– Receivables from guarantee customers	(5)	(24)
– Trade and bill receivables	(43)	–
– Loans to an associate	(60)	(9)
– Debt instrument at amortised cost	<u>(100)</u>	<u>–</u>
	<u><u>21,285</u></u>	<u><u>(4,633)</u></u>

16. TRADE AND OTHER PAYABLES

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Settlement payables to customers and funding providers	222,541	96,713
Other tax payables	57,454	57,370
Construction payables	48,759	16,242
Accrued charges	23,635	71,889
Deposits from digital financing solutions customers	3,027	14,975
Dividend payable to shareholders of the Company	2,090	1,852
Trade payables	4,723	5,929
Dividend payable to a non-controlling shareholder of a PRC subsidiary	–	28,484
Other payables and deposits	<u>2,276</u>	<u>1,298</u>
	<u><u>364,505</u></u>	<u><u>294,752</u></u>

17. LIABILITIES ARISING FROM GUARANTEE CONTRACTS

	30 June 2024			31 December 2023		
	Premium less accumulated amortisation <i>RMB'000</i> (Unaudited)	ECL provision <i>RMB'000</i> (Unaudited)	Carrying amount <i>RMB'000</i> (Unaudited)	Premium less accumulated amortisation <i>RMB'000</i> (Audited)	ECL provision <i>RMB'000</i> (Audited)	Carrying amount <i>RMB'000</i> (Audited)
Guarantee contracts						
in relation to:						
– third parties	21,219	32,390	34,275	21,412	26,413	28,495
– associates	2,515	10,456	12,065	764	3,687	3,899
	<u>23,734</u>	<u>42,846</u>	<u>46,340</u>	<u>22,176</u>	<u>30,100</u>	<u>32,394</u>
Analysed for reporting purposes as:						
Current	21,824	39,390	41,424	22,176	28,784	31,078
Non-current	1,910	3,456	4,916	–	1,316	1,316
	<u>23,734</u>	<u>42,846</u>	<u>46,340</u>	<u>22,176</u>	<u>30,100</u>	<u>32,394</u>

The following is the maximum amount the Group has guaranteed under the contracts and details of liabilities arising from guarantee contracts.

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Guarantee contracts in relation to:		
– third parties	3,071,197	2,524,784
– associates	6,334,604	2,109,247
	<u>9,405,801</u>	<u>4,634,031</u>

18. BORROWINGS

	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
Bank borrowings and bills discounted	1,821,399	3,560,764
Bank loans under supplier finance arrangements	531,912	368,012
Entrusted loans	290,525	224,668
ABS issued	–	1,228,265
Other loans	395,989	838,277
	<u>3,039,825</u>	<u>6,219,986</u>
Secured	2,408,259	5,589,532
Unsecured	631,566	630,454
	<u>3,039,825</u>	<u>6,219,986</u>
	30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
The carrying amounts of the above borrowings are repayable*:		
– within one year	2,774,779	4,673,232
– within a period of more than one year but not exceeding two years	140,832	1,360,957
– within a period of more than two year but not exceeding five years	124,214	185,797
	<u>3,039,825</u>	<u>6,219,986</u>
Less: Amounts due within one year shown under current liabilities	<u>(2,774,779)</u>	<u>(4,673,232)</u>
Amounts shown under non-current liabilities	<u>265,046</u>	<u>1,546,754</u>

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

19. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital <i>HK\$</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2023, 1 January 2024 and 30 June 2024 (unaudited)	5,000,000,000	50,000,000
	Number of shares	Share capital <i>HK\$</i>
Issued:		
At 1 January 2023 (audited)	1,007,714,500	10,077,145
Repurchase and cancellation of shares	(17,964,500)	(179,645)
At 31 December 2023 (audited)	989,750,000	9,897,500
Repurchase and cancellation of shares	(1,343,000)	(13,430)
At 30 June 2024 (unaudited)	988,407,000	9,884,070
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Shown in the condensed consolidated statement of financial position	8,547	8,559

All the shares issued during the period ranked pari passu in all respects with the then existing shares in issue.

20. DEEMED DISPOSAL OF SUBSIDIARIES

(a) Disposal of WXGJ

On 28 February 2024, the Group entered into a capital injection agreement with the non-controlling shareholder of WXGJ which agreed to contribute a total of RMB569,400,000 into WXGJ, an indirectly-held subsidiary of the Company. Upon the completion of the transaction on 29 February 2024, the Group's equity interest in WXGJ diluted from 80% to 49% with a loss of control. On the same day, the Group's retained interest over WXGJ was remeasured to its fair value, which became the initial carrying amount for the purposes of subsequently accounting for such retained interest as an associate because the Group has significant influence over WXGJ.

	29/2/2024
	<i>RMB'000</i>
Analysis of assets and liabilities over which control was lost:	
Property and equipment	69
Intangible assets	113,000
Deferred tax assets	9,015
Right-of-use assets	229
Supply chain assets at FVTOCI	3,707,278
Other receivables, prepayments and others	8,866
Pledged bank deposits	236,594
Cash and cash equivalents	200,665
Derivative financial instruments	(1,940)
Amount due to CMS-SY ABSs	(376,247)
Other payables and accrued charges	(14,553)
Borrowings	(2,029,575)
Loans from related parties	(752,060)
Loans from CMS-SY ABSs	(586,215)
Lease liabilities	(312)
	<hr/>
Net assets disposed of	514,814
	<hr/>
Gain on disposal of a subsidiary:	
Fair value of 49% equity interest of WXGJ	734,752
Goodwill	(316,028)
Net assets disposed of	(514,814)
Non-controlling interests	101,191
Reclassification of cumulative FVTOCI reserves upon disposal of WXGJ to profit or loss	(3,966)
	<hr/>
Gain on disposal	1,135
	<hr/>
Net cash outflow arising on disposal:	
Cash consideration	–
Less: cash and cash equivalents disposed of	200,665
	<hr/>
	(200,665)
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- (b) **Disposal of 招商證券-盛業科技第1期資產支持專項計劃, 招商證券-盛業科技第2期資產支持專項計劃, 招商證券-盛業科技第3期資產支持專項計劃and 招商證券-盛業科技第4期資產支持專項計劃(collectively, the “CMS-SY ABSs”)**

As being the assets service agency of CMS-SY ABSs and held the equity tranche interests in these structured entities, the Group considers it has control over such structured entities and these structured entities are consolidated by the Group. With the deemed disposal of WXGJ, the directors of the company considered the Group has loss the control over CMS-SY ABSs as the Group has loss control over WXGJ, which being the assets service agency of these structured entities. On the same day, the Group’s retained equity tranche interests over CMS-SY ABSs was remeasured to its fair value and accounted for as other financial assets at FVTPL.

29/2/2024

RMB'000

Analysis of assets and liabilities over which control was lost:

Deferred tax assets	519
Supply chain assets at FVTOCI	374,843
Loans to WXGJ	586,215
Amount due from WXGJ	376,247
Cash and cash equivalents	6,271
Borrowings	(1,215,456)
	<hr/>
Net assets disposed of	128,639

Gain on disposal of a subsidiary:

Fair value of equity tranche of CMS-SY ABSs	131,860
Net assets disposed of	(128,639)
Reclassification of cumulative FVTOCI reserves upon disposal of WXGJ and CMS-SY ABSs to profit or loss	821
	<hr/>
Gain on disposal	4,042

Net cash outflow arising on disposal:

Cash consideration	-
Less: cash and cash equivalents disposed of	6,271
	<hr/>
	(6,271)

21. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group signed an agreement in July 2024 with Future Gold Enterprises Limited for the acquisition of 100% of Great Style Holdings Limited (the “Great Style”) for a cash consideration of RMB300,000,000 and the Group agreed to pay an additional contingent consideration of up to RMB500,000,000 in aggregate subject to the fulfilment of the performance targets of Great Style. The acquisition has been accounted for as acquisition of business using the acquisition method and was completed in July 2024. At the time of the financial statements are authorised for issue, the Group is undergoing purchase price allocation for the acquisition of business. Accordingly information about the allocation of the purchase price to major classes of assets and liabilities, pro forma information etc., as required by HKFRS 3 “Business Combinations” are not represented. Details of the transaction are set out in the Company’s announcement dated 9 July 2024.

PUBLICATION

This interim results announcement published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.syholdings.com) respectively.

By order of the Board
SY Holdings Group Limited
Tung Chi Fung
Chairman

Hong Kong, 20 August 2024

As at the date of this announcement, the Board comprises two Executive Directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; one Non-executive Director: Mr. Lo Wai Hung; and four Independent Non-executive Directors: Mr. Loo Yau Soon, Mr. Fong Heng Boo, Mr. Tang King San Terence and Ms. Chan Yuk Ying Phyllis.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

Unless otherwise stated, translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 to HK\$1.10 for information purpose only.