XXF GROUP HOLDINGS LIMITED
喜相逢集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2473)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2024, together with the comparative figures for the six months ended 30 June 2023.

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-on-year change
	2024	2023	
	RMB'000	*RMB'000*	
	Unaudited	Audited	
Revenue	**658,651**	601,001	9.6%
Gross profit	**209,260**	197,291	6.1%
Profit before income tax	**27,064**	65,159	(58.5%)
Profit for the period	**19,479**	62,254	(68.7%)
Adjusted net profit (non-IFRS measures) (Note)	**23,874**	22,145	7.8%

Note: Details of the calculation of adjusted net profit are set out in the paragraph headed "Non-IFRS Measures" on pages 5 and 6 of this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

We are an established automobile retailer providing automobile finance lease service primarily through our self-operated sales outlets in the PRC. The Group's principal businesses comprise: (i) automobile retail and finance, where we sell non-luxury automobiles mostly on direct finance lease; and (ii) automobile-related businesses, where we primarily offer automobile operating lease service and other automobile-related services.

Analysis of macroeconomic environment

In the first half of 2024, the complexity, severity, and uncertainty of the external environment have significantly increased, and the ongoing deepening of domestic structural adjustments has brought new challenges. However, certain factors such as the ongoing impact of macro policies, the recovery of external demand and the accelerated development of new quality productive forces have also provided new supports. Overall, the PRC's national economy continued its recovery and positive trend in the first half of 2024. A series of policies of expanding domestic demand and promoting consumption have continued to take effect. Therefore, consumption potential had been unleashed; service consumption had shown good growth momentum; and consumption demand had continued its recovery trend, which showed that these policies played a significant role as the main driving force of economic growth. Additionally, during the first half of 2024, the PRC had continued to advance high-level opening up to the outside world, accelerated the cultivation of new driving forces of foreign trade, maintained steady growth in the scale of foreign trade, and continuously optimized its structure, making a positive contribution to promoting the sustained recovery and improvement of the economy. According to the data from the National Bureau of Statistics, the PRC's GDP for the first half of 2024 was RMB61,683.6 billion, representing a year-on-year increase of 5.0% calculated at constant prices, indicating that the economy had been running smoothly on the whole.

Analysis of industry environment

According to data published by the China Association of Automobile Manufacturers, from January to June 2024, automobile production and sales volume reached 13.9 million units and 14.0 million units, respectively, representing a year-on-year increase of 4.9% and 6.1%. According to the analysis by the China Association of Automobile Manufacturers, the main economic indicators of the automobile industry have shown a growth trend since January 2024. Since the base for the first quarter of 2024 was relatively low, the growth rate exceeded double digit. However, the overall growth rate in the second quarter of 2024 slowed down compared to that of the first quarter of 2024. In the first half of 2024, domestic sales volume recorded a slight increase year-on-year, and the terminal inventory level was higher than the normal level; automobile exports maintained rapid growth, significantly contributing to the overall market growth, while the growth rate of new energy vehicles exports slowed down noticeably; and new energy vehicles production and sales volume continued to grow rapidly with steady increase of market share. According to the statistics of the China Association of Automobile Manufacturers, by the end of June 2024, the cumulative production and sales volume of new energy vehicles of domestic brands exceeded 30 million units; and the market share of passenger vehicles of domestic brands surpassed 60%, achieving an upward breakthrough.

In terms of financial policies, in March 2024, the People's Bank of China and the National Financial Regulatory Administration promulgated the Notice on Adjusting Relevant Automotive Loan Policies (《關於調整汽車貸款有關政策的通知》) which mentioned that the maximum loan ratio for purchasing fossil fuel-powered vehicles and new energy vehicles for personal use shall be determined independently by financial institutions. In addition, the Implementation Rules for Subsidies for Automobile Trade-in Programs (《汽車以舊換新補貼實施細則》), promulgated by the Ministry of Commerce of the PRC, the Ministry of Finance of the PRC and other departments, elaborated on the subsidy application, approval, and grant processes for automobile trade-in to reduce the cost of automotive purchases for individual consumers and boost consumers' confidence in automobile consumption.

Business review

Our principal businesses include automobile retail and finance and automobile-related services. With many years of dedicated development in the industry, we have gradually formed distinctive characteristics and our own competitive advantages. We focus on automotive assets and design a variety of flexible products and service portfolios including direct finance lease solutions, hire purchase flexible solutions, long-term and short-term rental solutions, etc., which will be provided to customers through our own extensive sales network, to meet the needs of different customer bases and gradually construct a comprehensive automotive service platform.

At the same time, we actively deployed in the new energy vehicles sector. Empowered by measures and directions such as product innovation, intelligent risk control, technology applications and asset management, we laid a solid foundation for steadily expanding our market share. We will continue to deepen our efforts in the established market and strategically expand new outlets step by step. To achieve new growth points for our business, we will keep optimizing our service offering and enhancing our featured capabilities of "Finance + Technology + Operation", thus realizing efficient operation throughout the entire business process.

We have always upheld the customer-centric philosophy to provide comprehensive, efficient and convenient automobile services for our customers. In order to better meet customers' needs and provide higher quality services to customers, our automobile finance lease business not only offered automobile lease services but have also established a close partnership with local automobile service providers to ensure our close attention to the whole process of automobile use by customers and to provide better and more attentive services.

During the Reporting Period, the Group's business development progressed steadily, demonstrating our ability to sustain growth in the complex market environment. We have continuously deepened our efforts in our core business fields, consolidated our market leading position, and have also created new growth opportunities through a diversified strategy and forward-looking market layout.

In terms of automobile sales and finance lease businesses, the Group continuously introduced automobile finance lease products that meet demands in the market, such as specialized finance lease plans for different automobile categories and flexible rental payment methods, to cater to the automobile purchase needs of different customers. At the same time, we carried out service optimization, improved customer experience and provided comprehensive after-sales services, which enhanced customer satisfaction and loyalty. By the end of the Reporting Period, the Group's new automobile sales under the automobile finance lease business increased by 17.2% compared to the corresponding period of last year, showing robust market demand and growth momentum.

In terms of internal operation management, we have actively embraced digital transformation and have been committed to reshaping the future of business through technological innovation. The agile development of low-code platforms, intelligent decision-making for internal data warehouse and enhanced customer service brought by AI auto-response robots together created an efficient, intelligent and sustainable business model that enhanced customer experience and injected strong momentum into the sustainable development of the Group.

Future development

In terms of business expansion, we will keenly seize market opportunities. Currently, the long-term trend of automobile exports in the PRC is clear, and the scale of automobile exports grows rapidly with excellent and higher quality of development. Since 2021, automobile export market in the PRC has shown very strong growth. According to the export data from the General Administration of Customs, in 2023, automobile exports in the PRC reached 5.221 million units, representing a year-on-year increase of 57.4% compared to 3.317 million units in 2022. At present, the PRC is the largest automobile exporter in the world with huge potential in the future. In 2024, we officially launched our automobile sales export business, which was an innovative venture with promising prospects for us. At the same time, we will gradually explore and launch automobile finance lease export business, which will not only provide consumers in the international market with more flexible automobile purchase options but also promote the further expansion of automobile of domestic brands in the global market, laying the foundation for our global strategic layout.

In terms of sustainable development, we always consider environmental protection and social responsibility as important parts of the Group's development. We are committed to promoting green and low-carbon production, reducing the impact on the environment, while actively participating in social welfare activities to give back to society, showcasing the Group's positive image and sense of social responsibility.

NON-IFRS MEASURES

To supplement our consolidated results, which are prepared and presented in accordance with IFRS, the Company uses adjusted net profit (non-IFRS measures) as an additional financial measure, which is unaudited and not required by, or presented in accordance with, IFRS. We believe that this measure facilitates comparisons of operating performance from period to period and company to company by eliminating the potential impact of items that our management does not consider to be indicative of the Group's operating performance, such as certain non-cash items. The use of this non-IFRS measure has limitations as an analytical tool, and shareholders and potential investors of the Company should not consider them in isolation from, as a substitute for, analysis of, or superior to, the Group's results of operations or financial condition as reported under IFRS. In addition, this non-IFRS financial measure may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of this non-IFRS measure should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

The following table reconciles our adjusted net profit (non-IFRS measures) and adjusted net profit margin (non-IFRS measures) presented to the most directly comparable financial measures calculated and presented in accordance with IFRS. Listing expenses represent expenses related to the Listing, net of the PRC enterprise income tax. Fair value gain on ordinary shares with redemption right represents the changes arising from change in fair value to ordinary shares with redemption right. Such changes are non-cash in nature. Upon the Listing, all ordinary shares with redemption right has been automatically converted into ordinary shares which will no longer be recognised as financial liabilities at fair value through profit or loss.

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Profit for the period	**19,479**	62,254
Add:		
Listing expenses, net of tax	**–**	6,226
Share-based compensation expenses	**4,395**	–
Less:		
Fair value gain on ordinary shares with redemption right	**–**	46,335
Adjusted net profit (non-IFRS measures)	**23,874**	22,145

During the Reporting Period, the Group's adjusted net profit was RMB23.9 million, representing an increase of 7.8% compared to RMB22.1 million for the corresponding period of last year. Such increase was mainly due to the Group's solid business development, deepening of network layout and sales growth of its principal businesses during the Reporting Period.

REVENUE

	For the six months ended 30 June			
	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
	Unaudited		Audited	
Automobile retail and finance				
Sales of automobile under finance lease	**411,239**	**62.5**	384,710	64.0
Finance lease income	**154,369**	**23.4**	148,191	24.7
Sub-total	**565,608**	**85.9**	532,901	88.7
Automobile-related businesses				
Automobile operating lease	**80,859**	**12.3**	61,433	10.2
Other automobile-related income	**12,184**	**1.8**	6,667	1.1
Sub-total	**93,043**	**14.1**	68,100	11.3
Total	**658,651**	**100.0**	601,001	100.0

The Group's revenue for the Reporting Period increased by 9.6% from RMB601.0 million for the six months ended 30 June 2023 to RMB658.7 million for the six months ended 30 June 2024, primarily due to the increase of the Group's revenue as a result of the increased sales and marketing efforts by the Group.

AUTOMOBILE RETAIL AND FINANCE LEASE

We sell our automobiles, including both passenger vehicles and e-hailing vehicles, mainly on direct finance lease through self-operated sales outlets. We provide a variety of financing packages to our customers. Automobiles under our direct finance lease comprise our newly acquired automobiles mainly from auto dealers, and repossessed automobiles due to customers' default. We set the price of all the automobiles as a packaged automobile finance lease product, then lease the automobiles to our customers in light of customers' needs by type of finance lease selected. The lease term is generally two to four years. Our customers shall make an initial payment to us at the commencement of the lease followed by monthly payments during the term of the lease. Throughout the lease term, the ownership of the leased automobiles remains with the Group and the customers are granted the right to use the leased automobiles without having to provide other pledges or guarantees to the Group. Upon the end of the lease term, the ownership of the leased automobiles will be transferred to the customers after settlement of all outstanding payments by the customers.

The operating data of the Group's automobile retail and finance lease business for the years/periods indicated are as follows:

	Six months ended 30 June		**Year ended 31 December**	
	2024	2023	**2023**	2022
	Unaudited	Audited	**Audited**	Audited
Average principal amount of newly entered finance lease agreements (RMB'000)	**89.4**	90.2	**90.7**	90.6
Average effective interest rate charged for newly entered finance lease agreements *(Note 1)*	**18.7%**	18.7%	**18.8%**	18.5%
Average yield of finance lease receivables *(Note 2)*	**18.6%**	19.8%	**18.8%**	19.0%

Notes:

1. Calculated by dividing sum of effective interest rate of newly entered finance lease agreements by the total number of newly entered finance lease agreements entered for the relevant year/period.

2. Calculated by dividing finance lease income for the relevant year/period (annualised for the six months ended 30 June 2023 and 2024) by the average balance of finance lease receivables.

For the six months ended 30 June 2024, the average effective interest rate charged for newly entered finance lease agreements was approximately the same as that of the six months ended 30 June 2023; for the six months ended 30 June 2024, the average yield of finance lease receivables decreased compared with that of the six months ended 30 June 2023, mainly due to the gradual completion of finance lease agreements with higher average yield entered into by the Group in earlier years; but the average yield of finance lease receivables for the six months ended 30 June 2024 was basically stable compared with that for the six months ended 30 June 2023.

For the year ended 31 December 2023, the average effective interest rate charged for the newly entered finance release agreements of the Group was 18.8%, representing a slightly increase compared to the year ended 31 December 2022. For the year ended 31 December 2023, the average yield of finance lease receivables of the Group remained stable.

Most of our sales outlets are located in tier two, and tier three and below cities. As at 30 June 2024, 31 December 2023 and 2022, the number of our self-operated sales outlets was 80, 77 and 67, respectively. As at 30 June 2024, we had 47 sales outlets which only provided passenger vehicles, 13 sales outlets which only provided e-hailing vehicles, and 20 sales outlets which provided both passenger vehicles and e-hailing vehicles.

The customers of our automobile retail and finance business are mainly individuals in the PRC's tier two, and tier three and below cities looking for non-luxury automobile models. The Group does not have any major customers in terms of revenue contribution to the automobile retail and finance business and the total revenue of the Group. For the six months ended 30 June 2024 and 2023, the total revenue of the Group attributable to the five largest customers of the Group was 1.3% and 1.4%, respectively. For the years ended 31 December 2023 and 2022, the total revenue of the Group attributable to the five largest customers of the Group was 1.5% and 2.1%, respectively.

The following table sets forth the breakdown of our revenue generated from our automobile retail and finance lease business by geographical location for the years/periods indicated:

Geographical location of customers	Six months ended 30 June				year ended 31 December			
	2024		2023		**2023**		2022	
	RMB'000	***percentage***	*RMB'000*	*percentage*	***RMB'000***	***percentage***	*RMB'000*	*percentage*
	Unaudited		Audited		**Audited**		Audited	
Eastern PRC	**188,666**	**33.4%**	200,687	37.7%	**396,182**	**34.9%**	409,689	41.1%
Southern PRC	**86,383**	**15.3%**	95,726	18.0%	**187,136**	**16.5%**	194,667	19.5%
Southwestern PRC	**73,117**	**12.9%**	74,039	13.9%	**146,089**	**12.9%**	137,979	13.8%
Central PRC	**60,102**	**10.6%**	62,378	11.7%	**132,331**	**11.7%**	108,738	10.9%
Northern PRC	**70,035**	**12.4%**	48,891	9.2%	**127,139**	**11.2%**	77,476	7.8%
Northwestern PRC	**61,251**	**10.8%**	38,030	7.1%	**110,419**	**9.7%**	52,867	5.3%
Northeastern PRC	**26,054**	**4.6%**	13,150	2.4%	**35,851**	**3.1%**	15,682	1.6%
Sub-total	**565,608**	**100.0%**	532,901	100.0%	**1,135,147**	**100.0%**	997,098	100.0%

For the six months ended 30 June 2024, the revenue contribution of Eastern PRC and Southern PRC was generally in line with that for the year ended 31 December 2023, but decreased as compared with that for the six months ended 30 June 2023. On the other hand, revenue contribution of Northern PRC and Northwestern PRC increased slightly as compared with that for the six months ended 30 June 2023. This mainly resulted from the build-up of sales capability in these two regions.

For the year ended 31 December 2023, sales income was mainly generated from Eastern PRC and Southern PRC, which was generally in line with that of the year ended 31 December 2022. However, the overall revenue contribution of the aforementioned two regions decreased compared to that for the year ended 31 December 2022, while the revenue contribution of Central PRC, Northern PRC and Northwestern PRC increased compared to that for the year ended 31 December 2022. This mainly resulted from the expansion of network and build-up of sales capability in these regions during the year ended 31 December 2023.

COST OF SALES

During the Reporting Period, the Group's cost of sales was RMB449.4 million, representing an increase of 11.3% from RMB403.7 million for the six months ended 30 June 2023. The increase was mainly due to the increase in sales volume of automobiles under the automobile retail and finance business.

GROSS PROFIT AND GROSS PROFIT MARGIN

	For the six months ended 30 June			
	2024		2023	
	RMB'000	***Gross Profit margin***	*RMB'000*	*Gross Profit margin*
	Unaudited		Audited	
Automobile retail and finance	**193,085**	**34.1%**	184,637	34.6%
Automobile-related businesses	**16,175**	**17.4%**	12,654	18.6%
Total	**209,260**	**31.8%**	197,291	32.8%

The Group's gross profit increased by 6.1% from RMB197.3 million for the six months ended 30 June 2023 to RMB209.3 million for the six months ended 30 June 2024, primarily due to the increase in gross profit under the automobile retail and finance business and automobile-related businesses. As at 30 June 2024 and 2023, the Group's gross profit margin was 31.8% and 32.8%, respectively.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses increased by 13.1% from RMB44.1 million for the six months ended 30 June 2023 to RMB49.9 million for the six months ended 30 June 2024, primarily due to the increase in our employee benefit expenses as a result of the Group's further expansion of sales efforts and the increase in the number of employees for sales network expansion, and the increase of share-based compensation expenses.

ADMINISTRATIVE EXPENSES

Administrative expenses decreased by 1.8% from RMB56.9 million for the six months ended 30 June 2023 to RMB55.9 million for the six months ended 30 June 2024, primarily due to neither listing expenses nor an increase in share-based compensation expenses during the Reporting Period.

RESEARCH AND DEVELOPMENT EXPENSES

We incurred a relatively small amount of research and development expenses of RMB0.5 million for the six months ended 30 June 2024, which was comparable with the insignificant amount of RMB0.3 million incurred for the six months ended 30 June 2023.

FINANCE COST, NET

Finance cost, net decreased by 1.7% from RMB82.0 million for the six months ended 30 June 2023 to RMB80.6 million for the six months ended 30 June 2024, primarily due to the decrease in average cost of funding of loan in the automobile retail and finance business.

FAIR VALUE GAIN ON ORDINARY SHARES WITH REDEMPTION RIGHTS

The Group's fair value gain on ordinary shares with redemption rights decreased from RMB46.3 million for the six months ended 30 June 2023 to RMB nil for the six months ended 30 June 2024, primarily due to the fact that the ordinary shares with redemption rights were converted into and accounted for as ordinary shares on the Listing Date.

INCOME TAXES

The Group recorded income tax expenses of RMB7.6 million and RMB2.9 million for the six months ended 30 June 2024 and 2023, respectively. The increase in income tax expenses was mainly due to the increase in taxable profit.

PROFIT FOR THE PERIOD

The Group recorded a profit of RMB19.5 million and RMB62.3 million for the six months ended 30 June 2024 and 2023, respectively. The decrease in profit for the period was primarily due to (1) the absence of factors affecting profit or loss that were subject to adjustment such as the change in fair value on ordinary shares with redemption right; and (2) the increase in share-based compensation expenses arising from the Pre-IPO Share Option Scheme of the Group.

PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, the Group recorded a profit for the period attributable to owners of the Company of RMB19.7 million for the six months ended 30 June 2024, representing a net profit margin of 3.0%; as compared to a profit for the period attributable to owners of the Company of RMB62.4 million for the six months ended 30 June 2023, representing a net profit margin of 10.4%.

INVENTORY MANAGEMENT

The Group's inventories consist of new and repossessed automobiles and vehicle telematics equipment. As at 30 June 2024, the Group's net inventories amounted to approximately RMB134.2 million, representing a decrease of RMB35.8 million from RMB170.0 million as at 31 December 2023, mainly due to the decrease in the Group's inventory amount for the procurement of new automobiles.

The Group monitors our inventories from time to time and strives to maintain an optimal inventory level of automobiles. The Group keeps moving record of our inventory levels with the aid of our IT systems and physical records. We conduct daily inspection of the physical condition of our inventories and monthly physical inventory stocktake to ensure the accuracy of our inventory record.

FINANCE LEASE RECEIVABLES AND POLICIES ON IMPAIRMENT OF FINANCE LEASE RECEIVABLES

The Group's finance lease agreements generally have a term ranging from two to four years. The overall position of the Group's finance lease receivables as at the dates indicated is as follows:

	As at 30 June			**As at 31 December**					
	2024			**2023**			2022		
Period	**Number of contracts**	**Finance lease receivables, net**	**Percentage**	**Number of contracts**	**Finance lease receivables, net**	**Percentage**	Number of contracts	Finance lease receivables, net	Percentage
		RMB'000			***RMB'000***			*RMB'000*	
		Unaudited			**Audited**			Audited	
Within one year	**909**	**698,221**	**41.7%**	**988**	**697,880**	**41.8%**	796	566,894	38.2%
Between one and two years	**8,487**	**500,540**	**29.9%**	**8,394**	**500,020**	**29.9%**	7,130	479,080	32.3%
Between two and five years	**17,209**	**473,796**	**28.4%**	**16,105**	**473,000**	**28.3%**	14,075	437,653	29.5%
	26,605	**1,672,557**	**100.0%**	**25,487**	**1,670,900**	**100.0%**	22,001	1,483,627	100.0%

As at 30 June 2024, the Group's finance lease receivables involved 26,605 contracts (involving 25,789 borrowers), representing an increase of approximately 4.4% as compared to the number of agreements as at 31 December 2023. Net finance lease receivables amounted to RMB1,672.6 million, representing a slight increase as compared with that as at 31 December 2023.

As at 31 December 2023, the Group's finance lease receivables involved 25,487 contracts (involving 24,610 borrowers), representing an increase of approximately 15.8% as compared to the 22,001 contracts (involving 21,292 borrowers) as at 31 December 2022. Net finance lease receivables amounted to RMB1,670.9 million, representing an increase of approximately 12.6% as compared to that as at 31 December 2022.

The net finance lease receivables due within one year represents the net finance lease receivables to be received by the Group within one year from the reporting date indicated. As at 31 December 2023, our net finance lease receivables due within one year accounted for approximately 41.8% of the Group's net finance lease receivables, representing an increase as compared to that as at 31 December 2022, primarily due to the increase in the number of finance lease agreements of the Group during the year ended 31 December 2023. As at 30 June 2024, our net finance lease receivables due within one year remained at approximately 41.7% of the Group's net finance lease receivables. The Group's allocation of the term of net finance lease receivables can provide healthy liquidity and sustainable cash flow to the Group.

In terms of customers, as at 30 June 2024, 31 December 2023 and 2022, the net finance lease receivables from the Group's top five borrowers accounted for 1.5%, 1.7% and 2.4% of the Group's net finance lease receivables, respectively.

The following table sets forth the breakdown of our net finance lease receivables by geographical location as at the dates indicated:

	As at 30 June 2024		**As at 31 December 2023**		As at 31 December 2022	
Geographical location of customer	**Net finance lease receivables** ***RMB'000*** **Unaudited**	**Percentage**	**Net finance lease receivables** ***RMB'000*** **Audited**	**Percentage**	Net finance lease receivables *RMB'000* Audited	Percentage
Eastern PRC	**641,312**	**38.3%**	**596,188**	**35.7%**	587,622	39.6%
Southern PRC	**274,970**	**16.4%**	**301,049**	**18.0%**	294,778	19.9%
Southwestern PRC	**211,380**	**12.6%**	**231,796**	**13.9%**	217,881	14.7%
Central PRC	**174,363**	**10.4%**	**193,868**	**11.6%**	163,759	11.0%
Northern PRC	**174,478**	**10.4%**	**173,218**	**10.4%**	126,007	8.5%
Northwestern PRC	**144,549**	**8.7%**	**132,729**	**7.9%**	73,184	4.9%
Northeastern PRC	**51,505**	**3.2%**	**42,052**	**2.5%**	20,396	1.4%
Sub-total	**1,672,557**	**100.0%**	**1,670,900**	**100.0%**	1,483,627	100.0%

The following table sets forth the ageing analysis of our finance lease receivables as at the dates indicated:

	As at 30 June	As at 31 December	
	2024	**2023**	2022
	RMB'000	***RMB'000***	*RMB'000*
	Unaudited	**Audited**	Audited
Finance lease receivables, net	**1,672,557**	**1,670,900**	1,483,627
Allowance for impairment of finance lease receivables	**14,205**	**14,299**	13,296
Allowance to net finance lease receivables ratio (Note 1)	**0.8%**	**0.9%**	0.9%
Past due net finance lease receivables			
Over one month	**28,809**	**30,057**	24,993
Over three months	**12,155**	**11,822**	10,424
Over six months	**4,844**	**4,651**	4,846
Over one year	**1,694**	**1,533**	1,515
Past due ratio (Note 2)			
Over one month	**1.7%**	**1.8%**	1.7%
Over three months	**0.7%**	**0.7%**	0.7%
Over six months	**0.3%**	**0.3%**	0.3%
Over one year	**0.1%**	**0.1%**	0.1%
Past due coverage ratio (Note 3)			
Over one month	**49.3%**	**47.6%**	53.2%
Over three months	**116.9%**	**121.0%**	127.5%
Over six months	**293.2%**	**307.4%**	274.4%
Over one year	**838.5%**	**932.7%**	877.6%

Notes:

1. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year/period divided by net finance lease receivables as at the end of that corresponding year/period.

2. Represents past due net finance lease receivables as at the end of that corresponding year/period divided by total net finance lease receivables as at the end of the corresponding year/period.

3. Represents allowance for impairment of finance lease receivables as at the end of that corresponding year/period divided by past due net finance lease receivables as at the end of that corresponding year/period.

We actively monitor historical past due ratio and continuously improve our data analytics capabilities, as well as execute post-lease management and loss recovery measures through our automobile monitoring platform and our patent-protected GPS tracking devices installed on all the automobiles leased by us. Therefore, our past due ratios remained at a relatively low level. As at 30 June 2024, 31 December 2023 and 2022, our over three months past due ratio, over six months past due ratio and over one year past due ratio were all below 1%.

We recognise the impairment of finance lease receivables by applying the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The impairment losses provided for finance lease receivables are determined based on historically observed default rates over the expected life of finance lease receivables with similar credit risk characteristics and are adjusted for forward-looking estimates. For the Group's credit risk policy, please refer to note 3.1(b) to the consolidated financial statements of the Group for the year ended 31 December 2023.

As at 30 June 2024, 31 December 2023 and 2022, the provision ratio of the Group's net finance lease receivables was close to1%. Our over three months past due coverage ratio remained stable at 121.0% as at 31 December 2023 compared to that as at 31 December 2022. Over six months past due as at 31 December 2023 and over one year past due coverage ratio as at 31 December 2023 increased compared to that as at 31 December 2022, primarily due to an increase in the amount of bad debt provision we made. Our over three months, over six months and over one year past due coverage ratios as at 30 June 2024 remained relatively stable as compared to that as at 31 December 2023.

INTERNAL CONTROLS

We have developed risk management and internal monitoring systems to address the risks we are exposed to. In particular, we have developed corresponding risk management policies based on the management characteristics of automotive finance leasing business.

RISK MANAGEMENT POLICY

The credit risk management system of the Group is divided into pre-lease and post-lease credit risk management.

Pre-lease credit assessment and approval process:

During our credit assessment and approval process for our automobile retail and finance lease business, we generally consider both (i) qualitative factors, which may include age, location, driving penalty records, credit history and litigation records; (ii) quantitative factors, which may include the proposed principal amount of the lease transaction, value of the personal assets and personal income level.

We generally require potential finance lease customers to fulfil our preliminary requirements, including (i) holding a valid PRC identity card; (ii) holding a valid PRC driving license (with less than 12 points deducted); (iii) aged between 18 and 60 years old (inclusive). The Group may also require them to produce (i) property ownership certificate; (ii) business registration certificate (for corporate customers); and/or (iii) proof of employment and salary records of the last six months.

If the potential customers have satisfied the above preliminary requirements, the Group will perform credit assessment based on their information such as checking their name, identity card number and mobile phone number against the Group's self-maintained database as well as the third party databases. Our risk management system allows a bilateral flow of statistics and data between our management systems for pre-credit risk and post-credit risk, which is conducive to the improvement of our future credit risk analysis model. Leveraging our data analytics capabilities, we are able to complete the credit assessment and approval within a relatively short period of time to maintain the Group's competitiveness.

During the above process, the Group's sales staff maintains close communication with the customer in order to complete the necessary manual evaluation process.

After the assessments, we will notify our customers of the assessment results. Before execution of the agreements, we will conduct face-to-face interviews with our customers in order to verify their identity and to ensure that our customers understand the terms and conditions of the agreements. Our customers are then required to settle the initial payment and execute the agreements and other necessary documents. The customers' information will be recorded into our ERP system at the same time.

Before the automobile handover, we will ensure that our GPS tracking devices preinstalled on the leased automobiles function properly. After completion of the standard procedures, we will hand over the leased automobiles to our customers.

Post-lease credit risk management:

After the automobile handover, the Group will monitor customer's periodic payments and automobile activities. We monitor the status of the leased automobiles through the GPS tracking devices preinstalled and/or our automobile monitoring platform from time to time. Our customer service department sends payment reminders usually three to five days before the due date of the respective payment, mostly through text messages to our customers.

Our finance department checks and monitors the collection of payments from our customers on a daily basis and inputs the payment records into our ERP system. If any default or delinquency on payment arises, our customer service department will continue to send out reminders to these customers.

Generally, if (i) any payment is overdue for over 35 days despite our repeated reminders; or (ii) any irregular activity (such as abnormal trajectory or vanishing GPS signal) is observed for at least three days on our automobile monitoring platform, we may exercise our right to repossess the automobile directly.

After the repossession, our technical department will check and remove any GPS tracking devices not installed by us to avoid any potential tracking and stealing of the automobiles by the customers in breach. Our legal department will also implement other necessary legal measures permitted by law. In the case where our customers are unable to continue with the due performance of the contracts or we cannot get in touch with our customers by all reasonable means, we will terminate the relevant contracts.

If the repossessed automobiles do not meet the normal safety requirements or driving conditions, they will be sent to third party automobile service workshop for repair, in order to be sold under finance lease or operated as operating lease vehicles. Automobiles with severe accidents histories, the repair cost of which is significantly higher than one-off selling price, will be disposed directly through one-off sales.

CAPITAL MANAGEMENT

The Group regularly reviews and manages our capital structure to maintain a balance between debt financing and equity financing and makes adjustments to the capital structure in light of changes in economic conditions. The Group monitors our capital on the basis of the gearing ratio.

The Group manages our capital to ensure that our group companies can repay or refinance debts when they fall due and comply with all the applicable laws and regulations while maximising the return to Shareholders through balancing our debt financing and equity financing. The Group strives to balance the objectives of matching the cash inflow of our customers' automobile finance lease with the cash outflow of our borrowings and growing our business.

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Borrowings	**1,990,633**	1,865,655
Lease liabilities	**13,566**	14,896
Less: cash and cash equivalents	**(248,344)**	(267,733)
Net debt	**1,755,855**	1,612,818
Total equity	**803,800**	781,450
Total capital	**2,559,655**	2,394,268
Gearing ratio *(Note)*	**68.6%**	67.4%

Note: Gearing ratio is calculated as net debt divided by total capital.

As at 30 June 2024, our gearing ratio increased to 68.6% from 67.4% as at 31 December 2023, mainly due to the increase in net debt of the Group.

NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Current assets		
Inventories	**134,179**	169,976
Finance lease receivables	**689,606**	689,221
Trade receivables	**10,560**	9,928
Prepayments, deposits and other receivables	**297,091**	261,812
Restricted cash	**2,500**	5,652
Cash and cash equivalents	**248,344**	267,733
	1,382,280	1,404,322
Assets classified as held for sale	**–**	44,500
Total current assets	**1,382,280**	1,448,822
Current liabilities		
Borrowings	**958,053**	919,946
Trade payables	**54,248**	135,520
Other payables and accruals	**68,041**	109,982
Lease liabilities	**6,500**	6,759
Current income tax payable	**9,766**	9,584
Total current liabilities	**1,096,608**	1,181,791
Net current assets	**285,672**	267,031

As at 30 June 2024, the Group's net current assets increased to RMB285.7 million from RMB267.0 million as at 31 December 2023. The change was mainly due to the decrease in amount of the Group's current liabilities such as trade payables.

FOREIGN EXCHANGE EXPOSURE

The Group's subsidiaries primarily operate in the PRC and the majority of the Group's revenue and expenditures are denominated in RMB. For the six months ended 30 June 2024, the Group did not encounter significant foreign currency risk from its operations and did not hedge against any fluctuation in foreign currency.

CAPITAL EXPENDITURES

During the six months ended 30 June 2024, the Group's total capital expenditures decreased by 25.1% from RMB232.3 million for the six months ended 30 June 2023 to RMB174.0 million for the six months ended 30 June 2024, mainly due to the decrease in expenditures for the purchases of property and equipment and additions of intangible assets.

CHARGES ON ASSETS

The Group's borrowings are secured by certain assets as collateral for our borrowings. As at 30 June 2024, the secured assets involved in the Group's borrowings increased to RMB2,225.0 million from RMB2,144.1 million as at 31 December 2023. Of which, (1) as at 30 June 2024, the secured property and equipment increased to RMB420.7 million from RMB369.6 million as at 31 December 2023; (2) secured borrowings deposit increased to RMB51.4 million from RMB48.3 million as at 31 December 2023; (3) secured inventory increased to RMB107.3 million from RMB105.0 million as at 31 December 2023; and (4) secured finance lease receivables increased to RMB1,645.6 million from RMB1,621.1 million as at 31 December 2023.

SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not have any significant investments and future plans for material investments or capital assets as at 30 June 2024.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND JOINT VENTURES

On 11 January 2024, XXF Group, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Fujian Taikang, pursuant to which the Group transferred 53% equity interest in Fujian Xidun to Fujian Taikang.

Save as disclosed above, there were no material acquisitions or disposal of subsidiaries and joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024.

FINANCIAL INSTRUMENTS

The Group did not have any outstanding hedge contracts or financial derivative instruments as at 30 June 2024.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 1,212 full-time employees, among which 1,208 employees were based in the PRC and 4 employees were based in Hong Kong.

The employee benefit expenses, including Directors' remuneration, was approximately RMB70.1 million for the six months ended 30 June 2024, as compared to approximately RMB60.3 million for the six months ended 30 June 2023. The remuneration package of employees generally includes salary and year-end bonus, as well as share incentive for our key management personnel. The Group also offers performance bonus subject to regular performance appraisals. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to statutory social insurance fund and housing provident fund as applicable.

The Group has developed a systematic training system comprising an e-learning platform, internal seminars and management trainings to improve the essential work-related skills of our employees. We also cooperate with other external institutions to host trainings and facilitate industry exchange. We have established an internal training programme which serves to improve and standardize the training activities and system for our employees.

SHARE OPTION SCHEMES

In addition, the Company has adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Please refer to the paragraphs headed "Statutory and General Information–D. Other Information–2. Pre-IPO Share Option Scheme" and "Statutory and General Information–D. Other Information–1. Share Option Scheme" in Appendix IV to the Prospectus for further details.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2024 (for the same period of 2023: Nil).

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of Hong Kong Stock Exchange on 9 November 2023. The net proceeds from the Global Offering which the Company received, after deducting the underwriting commissions and expenses in relation to the Global Offering payable by the Company, was approximately HK$28.8 million. As at 30 June 2024, the utilization of proceeds raised was as follows:

Item	Net proceeds from the Global Offering		Amounts utilized as at 30 June 2024		Amounts unutilized as at 30 June 2024	
	HK$'000	*RMB'000*	*HK$'000*	*RMB'000*	*HK$'000*	*RMB'000*
Purchase of automobiles	17,449	16,484	17,366	16,409	83	75
Expansion of sales network	11,326	10,700	747	689	10,579	10,011
Total	**28,775**	**27,184**	**18,113**	**17,098**	**10,662**	**10,086**

As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

During the Reporting Period, the Company had complied with all the applicable code provisions of the Corporate Governance Code, except as expressly described below.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Huang Wei is the chairman and chief executive officer of the Group. In view of the fact that Mr. Huang has been assuming day-to-day responsibilities in operating and managing the Group since September 2007, our Board believes that it is in the best interest of the Group to have Mr. Huang taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from Corporate Governance Code provision C.2.1 is appropriate in such circumstance. Notwithstanding the above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the Corporate Governance Code.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code for the Reporting Period.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The Audit Committee consists of Mr. Fung Che Wai, Anthony, Mr. Wu Fei and Mr. Chen Shuo, with Mr. Fung Che Wai, Anthony serving as the chairman. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, internal control and risk management systems of the Group, overseeing the audit process, developing and reviewing the Group's policies, and performing other duties and responsibilities as assigned by the Board.

The interim results have not been reviewed by external auditors. The Audit Committee has jointly reviewed with the management, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024) of the Group. The Audit Committee considered that the unaudited consolidated financial statements of the Group are in compliance with the applicable accounting standards, the Listing Rules and all other application legal requirements. Accordingly, the Audit Committee recommended the Board to approve the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the date of this announcement.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There were no subsequent events after the Reporting Period.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://www.xxfqc.com). The interim report of the Company for the six months ended 30 June 2024 will be made available for review on the same websites in due course.

RESULTS FOR THE PERIOD

The Board is pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 together with comparative figures for the six months ended 30 June 2023 as follows:

Interim Condensed Consolidated Statement of Comprehensive Income

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
		Unaudited	Audited
Revenue	*4*	**658,651**	601,001
Cost of revenue	*5*	**(449,391)**	(403,710)
Gross profit		**209,260**	197,291
Selling and marketing expenses	*5*	**(49,882)**	(44,086)
Administrative expenses	*5*	**(55,880)**	(56,896)
Research and development expenses	*5*	**(450)**	(273)
Provision for credit loss		**(1,323)**	(2,793)
Fair value gain on ordinary shares with redemption right		**–**	46,335
Other income, net		**12,416**	11,629
Other losses, net		**(6,460)**	(4,015)
Operating profit		**107,681**	147,192
Finance cost, net	*6*	**(80,614)**	(82,033)
Share of profit of investment accounted for using the equity method		**(3)**	–
Profit before income tax		**27,064**	65,159
Income tax expenses	*7*	**(7,585)**	(2,905)
Profit for the period		**19,479**	62,254
Profit/(loss) attributable to:			
– Owners of the Company		**19,685**	62,402
– Non-controlling interests		**(206)**	(148)
		19,479	62,254

	Note	Six months ended 30 June **2024** *RMB'000* **Unaudited**	2023 *RMB'000* Audited
Profit for the period		**19,479**	62,254
Other comprehensive loss			
Items that will not be reclassified to profit or loss:			
Exchange difference arising from the translation of the Company's functional currency to presentation currency		**865**	(4,309)
Changes in fair value of ordinary share with redemption right due to own credit risk		**–**	(203)
Items that will be reclassified to profit or loss:			
Exchange difference arising from the translation of a subsidiary's functional currency to presentation currency		**(2,389)**	1,018
		(1,524)	(3,494)
Total comprehensive income for the period		**17,955**	58,760
Total comprehensive income/(loss) for the year attributable to:			
– Owners of the Company		**18,161**	58,908
– Non-controlling interests		**(206)**	(148)
		17,955	58,760
Earnings per share for profit attributable to owners of the Company for the year *(RMB cents)*			
– Basic	*8*	**3.82**	18.40
– Diluted	*8*	**3.64**	3.90

Interim Condensed Consolidated Statement of Financial Position

	Note	**As at 30 June 2024** *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Assets			
Non-current assets			
Property and equipment	*10*	**497,657**	428,067
Intangible assets	*10*	**18,663**	19,699
Finance lease receivables	*12*	**968,746**	967,380
Prepayments and deposits		**39,900**	36,894
Financial assets at fair value through profit or loss		**13,016**	20,024
Investment in associates	*11*	**23,027**	–
		1,561,009	1,472,064
Current assets			
Inventories		**134,179**	169,976
Finance lease receivables	*12*	**689,606**	689,221
Trade receivables	*13*	**10,560**	9,928
Prepayments, deposits and other receivables		**297,091**	261,812
Restricted cash		**2,500**	5,652
Cash and cash equivalents		**248,344**	267,733
		1,382,280	1,404,322
Assets classified as held for sale		**–**	44,500
		1,382,280	1,448,822
Total assets		**2,943,289**	2,920,886

	Note	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital		**4,657**	4,657
Other reserves and retained earnings		**793,382**	770,836
		798,039	775,493
Non-controlling interests		**5,761**	5,957
Total equity		**803,800**	781,450
Non- current liabilities			
Borrowings	*15*	**1,032,580**	945,709
Lease liabilities		**7,066**	8,137
Deferred income tax liabilities		**3,235**	3,799
		1,042,881	957,645
Current liabilities			
Borrowings	*15*	**958,053**	919,946
Trade payables	*14*	**54,248**	135,520
Other payables and accruals		**68,041**	109,982
Lease liabilities		**6,500**	6,759
Current income tax payables		**9,766**	9,584
		1,096,608	1,181,791
Total liabilities		**2,139,489**	2,139,436
Total equity and liabilities		**2,943,289**	2,920,886

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

XXF Group Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 29 March 2019 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1−1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the provision of automobile services, including automobiles retail, automobiles financing, automobiles rental and automobile-related services in the People's Republic of China (the "**PRC**").

The Company completed its initial public offering on 9 November 2023 (the "**Listing**") and the Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited.

2 BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. They have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The accounting policies and calculation methods adopted in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual report for the year ended 31 December 2023.The condensed consolidated interim financial information should be read in conjunction with 2023 annual report and any public announcements made by the Group during the interim reporting period, and the announcements have been prepared in accordance with Hong Kong Financial Reporting Standards.

4 REVENUE AND SEGMENT INFORMATION

The revenue for the six months ended 30 June 2024 and 2023 are as follows:

	For the six months ended 30June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Sales of automobiles under finance lease	**411,239**	384,710
Finance lease income	**154,369**	148,191
Operating lease income	**80,859**	61,433
Other automobile-related income	**12,184**	6,667
	658,651	601,001
Revenue from leases under IFRS 16	**646,467**	594,334
Revenue from contracts with customers under IFRS 15	**12,184**	6,667
	658,651	601,001
Timing of revenue recognition for revenue from contracts with customers under IFRS 15		
Recognised at a point in time	**5,282**	1,185
Recognised over time	**6,902**	5,482
	12,184	6,667

5 EXPENSES BY NATURE

	For the six months ended 30June	
	2024	2023
	RMB'000	*RMB'000*
	unaudited	Audited
Auditors' remuneration		
− audit services	**247**	107
− non-audit services	**–**	–
Costs of inventory	**341,213**	312,293
Sales commission	**–**	49
Auto-insurance premium	**24,256**	21,996
Employee benefit expenses	**70,140**	60,254
Advertising expenses	**3,495**	3,215
Depreciation expenses	**65,748**	50,776
Amortisation expenses	**5,866**	6,274
Transportation expenses	**1,755**	2,139
Rental expenses	**1,864**	1,276
Traffic contravention penalty and handling fee	**1,901**	1,503
Travelling expenses	**5,038**	4,533
Listing expenses	**–**	6,461
Legal and professional expenses	**2,260**	2,280
Office expenses	**3,766**	2,592
Motor vehicle expenses	**7,319**	8,347
Provision for inventories	**3,539**	3,774
Repair and maintenance	**7,220**	6,624
Other taxes	**4,507**	5,446
Other expenses	**5,469**	5,026
	555,603	504,965

6 FINANCE COST, NET

	For the six months end 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Finance cost:		
Costs of funding	**(75,728)**	(76,001)
Interest expenses on other borrowings	**(5,300)**	(6,501)
Interest expenses on lease liabilities	**(382)**	(366)
	(81,410)	(82,868)
Finance income:		
Bank interest income	**242**	344
Imputed interest income from deposits for borrowings	**554**	491
	796	835
Finance cost, net	**(80,614)**	(82,033)

7 INCOME TAX EXPENSES

The income tax expenses of the Group is analysed as follows:

	For the six months end 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Income tax expenses		
Current income tax	**8,150**	5,600
Deferred income tax	**(565)**	(2,695)
	7,585	2,905

For the six months ended 30 June 2024 and 2023, the applicable income tax rate were 25%.

8 EARNINGS PER SHARE

	For the six months end 30 June	
	2024	2023
	Unaudited	Audited
Profit attributable to owners of the Company *(RMB'000)*	**19,685**	62,402
Weighted average number of ordinary shares in issue	**515,625,000**	339,118,802
Diluted impact on profit *(RMB'000)*	**–**	(46,335)
Diluted profit attributable to owners of the Company *(RMB'000)*	**19,685**	16,067
Potential ordinary shares with dilutive effect	**25,851,637**	73,381,198
Weighted average number of issued ordinary shares for calculating diluted profit per share	**541,476,637**	412,500,000
Profit per share		
– Basic *(RMB cents per share)*	**3.82**	18.40
– Diluted *(RMB cents per share)*	**3.64**	3.90

(i) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024.

The weighted average number of shares in issue for the six months ended 30 June 2023 for the purpose of earnings per share computation has been retrospectively adjusted for the effect of 23,564,727 shares issued under the share capitalisation issue on 9 November 2023, as if the capitalisation issue has been completed on 1 January 2023.

(ii) Diluted

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

For the six months ended 30 June 2023, the effect of ordinary share with redemption right was dilutive and has been taken into account in the calculation of diluted earnings per share.

For the six months ended 30 June 2024, the effect of share options granted under the Pre-IPO Share Option Scheme was dilutive and has been taken into account in the calculation of diluted earnings per share.

9 DIVIDEND

The Board has resolved not to declare the payment of a interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

10 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

	Property, plant and equipment *RMB'000*	**Right-of use assets** *RMB'000*	**Intangible assets** *RMB'000*	**Total** ***RMB'000***
Unaudited				
For the six months ended 30 June 2024				
Opening net book amount	413,041	15,026	19,699	**447,766**
Additions	167,039	2,176	4,831	**174,046**
Disposals	(15,018)	–	–	**(15,018)**
Transfer to inventory	(18,860)	–	–	**(18,860)**
Depreciation and amortisation	(61,975)	(3,772)	(5,867)	**(71,614)**
Closing net book amount	**484,227**	**13,430**	**18,663**	**516,320**
Audited				
For the six months ended 30 June 2023				
Opening net book amount	354,058	13,646	21,779	**389,483**
Additions	224,050	3,354	4,928	**232,332**
Disposals	(15,797)	(488)	–	**(16,285)**
Transfer to inventory	(40,374)	–	–	**(40,374)**
Depreciation and amortisation	(47,707)	(3,069)	(6,274)	**(57,050)**
Closing net book amount	**474,230**	**13,443**	**20,433**	**508,106**

11 INVESTMENTS IN AN ASSOCIATE

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
At beginning of the period	–	–
Additions	23,030	–
Share of loss of an associate	(3)	–
At end of the period	23,027	–

As at 30 June 2024, the investments in an associate are as follows:

Company Name	Place of operation/ Country of incorporation	Percentage of ownership	Nature of relationship	Methods of measurement	Investment date
Fujian Xidun Automobile Service Co., Ltd. (福建喜盾汽車服務有限公司)	PRC	47.00	Note(a)	Equity	11 January 2024 and 15 January 2024

Note:

(a) On 11 January 2024, XXF Group disposed of 53% equity interest in Fujian Xidun Automobile Service Co., Ltd. ("**Fujian Xidun**") to Fujian Taikang and Fujian Xidun became an associate of the Group. The Group measures the investment under equity method. On 15 January 2024, XXF Group and Fujian Taikang made a joint investment of RMB49,000,000.00, among which, XXF Group made an investment of RMB23,030,000.00, owning the same proportion of interests in the invested company.

12 FINANCE LEASE RECEIVABLES

The Group provides automobile finance lease services. Details of finance lease receivables as at 30 June 2024 and 31 December 2023 are set out below:

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Finance lease receivables		
− Finance lease receivables, gross	**2,100,745**	2,109,522
− Unearned finance income	**(428,188)**	(438,622)
Finance lease receivables, net	**1,672,557**	1,670,900
Less: allowance for impairment of finance lease receivables	**(14,205)**	(14,299)
Carrying amount of finance lease receivables	**1,658,352**	1,656,601
Finance lease receivables, gross		
− Within one year	**915,227**	917,475
− Between one and two years	**643,707**	646,771
− Between two and five years	**541,811**	545,276
	2,100,745	2,109,522
Finance lease receivables, net		
− Within one year	**698,221**	697,880
− Between one and two years	**500,540**	500,020
− Between two and five years	**473,796**	473,000
	1,672,557	1,670,900

An ageing analysis of finance lease receivables is as follows:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Not past due	**1,575,771**	1,571,867
Past due		
Up to 1 month	**67,977**	68,976
1 to 3 months	**16,654**	18,235
3 to 6 months	**7,311**	7,171
6 to 12 months	**3,150**	3,118
Over 12 months	**1,694**	1,533
Finance lease receivables	**1,672,557**	1,670,900
Less: allowance for impairment of finance lease receivables	**(14,205)**	(14,299)
Carrying amount of finance lease receivables	**1,658,352**	1,656,601

As of 30 June 2024 and 31 December 2023, carrying amounts of the finance lease receivables are denominated in RMB and approximate their fair values.

Movements on the Group's allowance for impairment of finance lease receivables are as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
	Unaudited	Audited
At beginning of the period	**14,299**	13,296
Recovery of finance receivables written-off	**–**	738
Charge for the period	**44**	2,526
Written-off	**(138)**	(3,707)
At end of the period	**14,205**	12,853

13 TRADE RECEIVABLES

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Trade receivables	**11,962**	11,002
Less: allowance for impairment of trade receivables	**(1,402)**	(1,074)
	10,560	9,928

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade receivables were denominated in RMB and approximate their fair values at each of the reporting dates.

An ageing analysis of trade receivables (net of allowance for impairment) based on invoice date is as follows:

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Up to 3 months	**9,169**	8,444
3 to 6 months	**759**	974
Over 6 months	**632**	510
	10,560	9,928

14 TRADE PAYABLES

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Trade payables	**54,248**	135,520
Bills payables	**–**	–
	54,248	135,520

As at 30 June 2024 and 31 December 2023, trade payables approximate their fair values and are denominated in RMB. The average credit period taken for trade purchase is generally 30 to 90 days.

An ageing analysis of trade payables based on invoice date is as follows:

	As at 30 June 2024 *RMB'000* **Unaudited**	As at 31 December 2023 *RMB'000* Audited
Up to 3 months	**50,184**	128,830
3 to 6 months	**2,937**	5,532
Over 6 months	**1,127**	1,158
	54,248	135,520

15 BORROWINGS

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Bank borrowings, secured	**115,505**	79,378
Bank borrowings, unsecured	**18,812**	21,613
Other borrowings, secured	**1,824,589**	1,726,666
Other borrowings, unsecured	**31,727**	37,998
	1,990,633	1,865,655
Less: non-current portion	**(1,032,580)**	(945,709)
Current portion	**958,053**	919,946

Other borrowings represented borrowings from non-banking financial institutions and individual lenders. The borrowings are repayable as follows:

	As at 30 June 2024 *RMB'000* Unaudited	As at 31 December 2023 *RMB'000* Audited
Within 1 year	**958,053**	919,946
Between 1 and 2 years	**572,830**	533,918
Between 2 and 5 years	**459,750**	411,791
	1,990,633	1,865,655

As of 30 June 2024 and 31 December 2023, the borrowings are denominated in RMB and the carrying amounts approximate their fair values at each of the balance sheet dates.

The weighted average effective interest rates as at 30 June 2024 and 31 December 2023 are as follows:

	As at 30 June 2024	As at 31 December 2023
	Unaudited	Audited
	%	*%*
Bank borrowings, secured	**5.89**	6.94
Bank borrowings, unsecured	**6.97**	7.29
Other borrowings, secured	**8.10**	8.38
Other borrowings, unsecured	**7.98**	8.75

As at 30 June 2024 and 31 December 2023, the Group's borrowings of RMB1,940,094,000 and RMB1,806,044,000 were secured by personal guarantee and indemnity provided by the Directors and certain assets of the Group.

The Group's overall security is summarised below:

	As at 30 June 2024	As at 31 December 2023
	RMB'000	*RMB'000*
	Unaudited	Audited
Property and equipment	**420,675**	369,645
Deposits for borrowings	**51,420**	48,302
Inventories	**107,340**	105,016
Finance lease receivables	**1,645,586**	1,621,112

DEFINITIONS

"Audit Committee"	the audit committee of the Board
"associate"	the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Company" or "the Company"	XXF Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2473)
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"ERP"	enterprise resource planning
"Fujian Taikang"	Fujian Taikang Investment Co., Ltd.* (福建泰康投資有限公司), a company established under the laws of the PRC and an Independent Third Party
"Fujian Xidun"	Fujian Xidun Automobile Service Co., Ltd.* (福建喜盾汽車服務有限公司), a company established under the laws of the PRC and, as at the date of this announcement, owned as to 47% by XXF Group and 53% by Fujian Taikang
"Director(s)"	the director(s) of the Company or any one of them
"GDP"	gross domestic product
"Global Offering"	as defined in the Prospectus
"GPS"	a global positioning system to provide (i) precise data on position and velocity and (ii) synchronise the global time for land, air and sea travel
"Group", "the Group", "our", "we" or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards issued by International Accounting Standards Board
"Listing"	listing of the Shares on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	9 November 2023, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Mainland China" or "PRC"	the People's Republic of China excluding, for the purposes of this announcement and geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme approved and adopted by the Company on 9 October 2023
"Prospectus"	the prospectus issued by the Company dated 30 October 2023
"Reporting Period"	the six months period from 1 January 2024 to 30 June 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the share capital of the Company with the nominal value of HK$0.01 each

"Share Option Scheme"	the share option scheme adopted by the Company on 9 October 2023 and effective upon the Listing Date
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"XXF Group"	Xixiangfeng Finance Lease Group Co., Ltd.* (喜相逢融資租賃集團有限公司), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
"%"	per cent

By Order of the Board
XXF Group Holdings Limited
Mr. HUANG Wei
Chairman of the Board, chief executive officer and executive Director

Hong Kong, 16 August 2024

As at the date of this announcement, the executive Directors are Mr. Huang Wei, Mr. Ye Fuwei and Ms. Zhang Jinghua, the non-executive Directors are Mr. Liu Wei and Ms. Xu Rui, and the independent non-executive Directors are Mr. Wu Fei, Mr. Fung Che Wai, Anthony and Mr. Chen Shuo.