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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Wei (*Chairman and chief executive officer*)
Mr. YE Fuwei
Ms. ZHANG Jinghua

Non-executive Directors

Mr. LIU Wei
Ms. XU Rui

Independent Non-executive Directors

Mr. WU Fei
Mr. FUNG Che Wai, Anthony
Mr. CHEN Shuo

AUDIT COMMITTEE

Mr. FUNG Che Wai, Anthony (*Chairman*)
Mr. WU Fei
Mr. CHEN Shuo

REMUNERATION COMMITTEE

Mr. WU Fei (*Chairman*)
Mr. HUANG Wei
Mr. FUNG Che Wai, Anthony

NOMINATION COMMITTEE

Mr. HUANG Wei (*Chairman*)
Mr. WU Fei
Mr. CHEN Shuo

AUTHORIZED REPRESENTATIVES

Mr. HUANG Wei (*Chairman and chief executive officer*)
Mr. WONG Yuk (*HKICPA, ACCA*)
(resigned on 1 March 2024)
Ms. PENG Liting (*ACG, HKACG*)
(appointed on 1 March 2024)

COMPANY SECRETARY

Mr. WONG Yuk (*HKICPA, ACCA*)
(resigned on 1 March 2024)
Ms. PENG Liting (*ACG, HKACG*)
(appointed on 1 March 2024)

REGISTERED OFFICE

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PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Central and Western
Hong Kong



CORPORATE INFORMATION

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG SHARE REGISTRAR

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As to Cayman Islands law

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Registered Public Interest Entity Auditor
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COMPLIANCE ADVISOR

Quam Capital Limited

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Wing On Centre
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PRINCIPAL BANKS

Fujian Haixia Bank, Fuzhou Mindu Branch

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Fuzhou, Fujian Province
PRC

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PRC

STOCK CODE

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COMPANY WEBSITE

<https://www.xfqc.com>



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.



MANAGEMENT DISCUSSION AND ANALYSIS

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, the Ministry of Finance and other departments of the PRC, 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 comprise 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

	For the six months ended 30 June			
	2024		2023	
	RMB'000 Unaudited	%	RMB'000 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Unaudited	2023 Audited	2023 Audited	2022 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 (<i>Note 1</i>)	18.7%	18.7%	18.8%	18.5%
Average yield of finance lease receivables (<i>Note 2</i>)	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 year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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 Unaudited	percentage	RMB'000 Audited	percentage	RMB'000 Audited	percentage	RMB'000 Audited	percentage
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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

For the six months ended 30 June 2024, 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 Unaudited	Gross profit margin	RMB'000 Audited	Gross profit margin
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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 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 those 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%.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

Period	As at 30 June			As at 31 December			2022		
	2024	2023	2022	Finance lease receivables, net	Finance lease receivables, net	Finance lease receivables, net	Number of contracts	receivables, net	percentage
	Number of contracts	receivables, net	percentage	Number of contracts	receivables, net	percentage	contracts	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 contracts 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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:

Geographical location of customer	As at 30 June 2024		As at 31 December 2023		As at 31 December 2022	
	Net finance lease receivables	percentage	Net finance lease receivables	percentage	Net finance lease receivables	percentage
	RMB'000		RMB'000		RMB'000	
	Unaudited		Audited		Audited	
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%

MANAGEMENT DISCUSSION AND ANALYSIS

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	2022
	2024	2023	RMB'000
	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 (<i>Note 1</i>)	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 (<i>Note 2</i>)			
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 (<i>Note 3</i>)			
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.



MANAGEMENT DISCUSSION AND ANALYSIS

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 to 1%. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 (<i>Note</i>)	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.

MANAGEMENT DISCUSSION AND ANALYSIS

NET CURRENT ASSETS

The following table sets out current assets and current liabilities:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 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.



MANAGEMENT DISCUSSION AND ANALYSIS

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.

TREASURY POLICY

The Group adopts a prudent financial management approach for its treasury policy to ensure that the Group's liquidity structure comprising assets, liabilities and other commitments is able to always meet its capital requirements.

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.



OTHER INFORMATION



CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

There was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51B(1) of the Listing Rules from the date of 2023 Annual Report of the Company.

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. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. Among which, share incentive may be granted to key management personnel. 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.

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.

OTHER INFORMATION

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

As at 30 June 2024, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of the Company

Name of Director/Chief Executive	Capacity	No. of Shares ⁽¹⁾	Number of Underlying Shares	Approximate Percentage of Shareholding Interest
Mr. Huang Wei	Interest of controlled corporation	128,610,355 (L) ⁽²⁾	–	24.94%
	Beneficial owner	–	3,819,900 (L) ⁽³⁾	0.74%
Mr. Ye Fuwei	Interest of controlled corporation	954,529 (L) ⁽⁴⁾	–	0.19%
	Beneficial owner	–	3,809,100 (L) ⁽⁵⁾	0.74%
Ms. Zhang Jinghua	Beneficial owner	–	1,000,000(L) ⁽⁶⁾	0.19%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang Wei. Each of Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited, Precious Luck Developments Management Limited, Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.
- (3) Mr. Huang Wei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (4) Billion Aspire Holdings Limited is beneficially and wholly owned by Mr. Ye Fuwei. By virtue of the SFO, Mr. Ye Fuwei is deemed to be interested in the Shares held by Billion Aspire Holdings Limited.
- (5) Mr. Ye Fuwei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (6) Ms. Zhang Jinghua is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, so far as is known to the Directors, the following persons had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or Underlying Shares of the Company

Name of Substantial Shareholder	Capacity	No. of Shares ⁽¹⁾	Approximate Percentage of Shareholding Interest
Mr. Huang Wei	Interest of controlled corporation	128,610,355 (L) ⁽²⁾⁽³⁾⁽⁴⁾	24.94%
	Beneficial owner	3,819,900 (L) ⁽⁵⁾	0.74%
Glorypearl Capital Resources Company Limited (明珠資本資源有限公司)	Beneficial owner	63,543,294 (L) ⁽²⁾	12.32%
Precious Luck Developments Management Limited	Beneficial owner	35,158,485 (L) ⁽³⁾	6.82%
Shanghai Boyu Enterprise Management Partnership (Limited Partnership)* (上海渤鈺企業管理合夥企業(有限合夥))	Interest of controlled corporation	35,158,485 (L) ⁽³⁾	6.82%
Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)* (福州智通投資合夥企業(有限合夥))	Interest of controlled corporation	35,158,485 (L) ⁽³⁾	6.82%
Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd.* (福州偉創宏景企業管理有限公司)	Interest of controlled corporation	35,158,485 (L) ⁽³⁾	6.82%
Ideal Stand Ventures Management Limited	Beneficial owner	54,089,977 (L) ⁽⁶⁾	10.49%
Shanghai Boli Enterprise Management Co., Ltd.* (上海渤礫企業管理有限公司)	Interest of controlled corporation	54,089,977 (L) ⁽⁶⁾	10.49%
Tengxin Investment Company Limited* (騰新投資有限公司)	Interest of controlled corporation	54,089,977 (L) ⁽⁶⁾	10.49%
Mr. Teng Yongxiong	Interest of controlled corporation	54,089,977 (L) ⁽⁶⁾	10.49%
Prosperous Splendor Investment Holding Limited (盛輝投資控股有限公司)	Beneficial owner	47,730,030 (L) ⁽⁷⁾	9.26%
Mr. Liu Yonghui	Interest of controlled corporation	47,730,030 (L) ⁽⁷⁾	9.26%

OTHER INFORMATION

Name of Substantial Shareholder	Capacity	No. of Shares ⁽¹⁾	Approximate Percentage of Shareholding Interest
Brown Oak Holdings Limited	Beneficial owner	45,215,840 (L) ⁽⁸⁾	8.77%
Shanghai Jili Enterprise Management Partnership (Limited Partnership)* (上海霽礫企業管理合夥企業(有限合夥))	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
Zhuhai Wanhe Jinhua Asset Management Co., Ltd.* (珠海萬和錦華資產管理有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
Zhuhai Wanhe Xingsheng Investment Management Center (Limited Partnership)* (珠海萬和興盛投資管理中心(有限合夥))	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
SDIC RE Asset Management Co., Ltd. (國彤萬和私募基金管理有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
SDIC Taikang Trust Co., Ltd. (國投泰康信託有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
SDIC Capital Holdings Co., Ltd. (國投資本控股有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
SDIC Capital Co., Ltd. (國投資本股份有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
Beijing Dongan Weiye Investment Management Co., Ltd.* (北京東安偉業投資管理有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
Foshan Huishangyin Investment Co., Ltd.* (佛山市匯商銀投資有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
Beijing Dongchangan (Group) Co., Ltd.* (北京東長安(集團)有限公司)	Interest of controlled corporation	45,215,840 (L) ⁽⁸⁾	8.77%
Charming Tulip Holdings Limited	Beneficial owner	41,495,497 (L) ⁽⁹⁾	8.05%
Shanghai Xuante Enterprise Management Co. Ltd.* (上海煊特企業管理有限公司)	Interest of controlled corporation	41,495,497 (L) ⁽⁹⁾	8.05%
Mr. Lin Dachun	Interest of controlled corporation	41,495,497 (L) ⁽⁹⁾	8.05%
Ms. Qiu Hui	Interest of controlled corporation	41,495,497 (L) ⁽⁹⁾	8.05%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Glorypearl Capital Resources Company Limited is beneficially and wholly owned by Mr. Huang Wei. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Glorypearl Capital Resources Company Limited.
- (3) Precious Luck Developments Management Limited is wholly owned by Shanghai Boyu Enterprise Management Partnership (Limited Partnership)*, a limited partnership controlled by Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd.* as the executive partner and general partner, which is owned as to 99% by Mr. Huang Wei and 1% by Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)*. Shanghai Boyu Enterprise Management Partnership (Limited Partnership)* is controlled as to 76.9% by Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)* as limited partner. Mr. Huang Wei is also the executive partner and general partner of Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)*, therefore Shanghai Boyu Enterprise Management Partnership (Limited Partnership)* is indirectly controlled by Mr. Huang Wei. By virtue of the SFO, each of Mr. Huang Wei, Fuzhou Weichuang Hongjing Enterprise Management Co., Ltd.*, Shanghai Boyu Enterprise Management Partnership (Limited Partnership)* and Fuzhou Zhitong Investment Partnership Enterprise (Limited Partnership)* is deemed to be interested in the Shares held by Precious Luck Developments Management Limited.



OTHER INFORMATION

- (4) Each of Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited directly held 19,090,580 Shares and 10,817,995 Shares. Happy Gain Business Developments Limited is wholly owned by Shanghai Boyu Enterprise Management Partnership (Limited Partnership)*, a limited partnership controlled by Weichuang Xingsheng as the executive partner and general partner which is wholly owned by Mr. Huang Wei. Southern Fortune Enterprises Management Limited is wholly owned by Shanghai Boyun Enterprise Management Partnership (Limited Partnership)*, a limited partnership controlled by Fujian Free Trade Zone Pingtan Area Fuyuan Investment Partnership Enterprise (Limited Partnership)* as the executive partner and general partner which is in turn controlled by Mr. Huang Wei as the executive partner and general partner. By virtue of the SFO, Mr. Huang Wei is deemed to be interested in the Shares held by Happy Gain Business Developments Limited and Southern Fortune Enterprises Management Limited.
- (5) Mr. Huang Wei is interested in such underlying Shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (6) Ideal Stand Ventures Management Limited is wholly owned by Shanghai Boli Enterprise Management Co., Ltd.*, which is wholly owned by Tengxin Investment Company Limited*. Tengxin Investment Company Limited* is owned as to 75% by Mr. Teng Yongxiong, an Independent Third Party. By virtue of the SFO, each of Mr. Teng Yongxiong, Tengxin Investment Company Limited* and Shanghai Boli Enterprise Management Co., Ltd.* is deemed to be interested in the Shares held by Ideal Stand Ventures Management Limited.
- (7) Prosperous Splendor Investment Holding Limited is owned as to 95.52% by Mr. Liu Yonghui, father of Mr. Liu Wei (our non-executive Director). By virtue of the SFO, Mr. Liu Yonghui is deemed to be interested in the Shares held by Prosperous Splendor Investment Holding Limited.
- (8) Brown Oak Holdings Limited is wholly owned by Shanghai Jili Enterprise Management Partnership (Limited Partnership)*, which is controlled by Zhuhai Wanhe Jinhua Asset Management Co., Ltd.* as the executive partner and general partner. Shanghai Jili Enterprise Management Partnership (Limited Partnership)* is owned as to 99% by Zhuhai Wanhe Xingsheng Investment Management Center (Limited Partnership)* as limited partner, which is in turn controlled by Zhuhai Wanhe Jinhua Asset Management Co., Ltd.* as general partner and controlled as to 37.03% by SDIC RE Asset Management Co., Ltd. and 20% by SDIC Taikang Trust Co., Ltd. as limited partners. Zhuhai Wanhe Jinhua Asset Management Co., Ltd.* is wholly owned by SDIC RE Asset Management Co., Ltd.. SDIC RE Asset Management Co., Ltd. is controlled as to 45% by SDIC Taikang Trust Co., Ltd. and 35% by Beijing Dongan Weiye Investment Management Co., Ltd.* (北京東安偉業投資管理有限公司). SDIC Taikang Trust Co., Ltd. is controlled as to 61.29% by SDIC Capital Holdings Co., Ltd. (國投資本控股有限公司), which is in turn wholly owned by SDIC Capital Co., Ltd. (國投資本股份有限公司). Beijing Dongan Weiye Investment Management Co., Ltd.* (北京東安偉業投資管理有限公司) is owned as to 55% by Foshan Huishangyin Investment Co., Ltd.* (佛山市匯商銀投資有限公司) and 45% by Beijing Dongchangan (Group) Co., Ltd.* (北京東長安(集團)有限公司). By virtue of the SFO, each of Zhuhai Wanhe Jinhua Asset Management Co., Ltd.*, Shanghai Jili Enterprise Management Partnership (Limited Partnership)*, Zhuhai Wanhe Xingsheng Investment Management Center (Limited Partnership)*, SDIC RE Asset Management Co., Ltd., SDIC Taikang Trust Co., Ltd., SDIC Capital Holdings Co., Ltd., SDIC Capital Co., Ltd., Beijing Dongan Weiye Investment Management Co., Ltd.* (北京東安偉業投資管理有限公司), Foshan Huishangyin Investment Co., Ltd.* (佛山市匯商銀投資有限公司) and Beijing Dongchangan (Group) Co., Ltd.* (北京東長安(集團)有限公司) is deemed to be interested in the Shares held by Brown Oak Holdings Limited.
- (9) Charming Tulip Holdings Limited is wholly owned by Shanghai Xuante Enterprise Management Co. Ltd.*, which is owned as to approximately 47.18% by Ms. Qiu Hui and 32.27% by Mr. Lin Dachun. By virtue of the SFO, each of Ms. Qiu Hui, Mr. Lin Dachun and Shanghai Xuante Enterprise Management Co. Ltd.* is deemed to be interested in the Shares held by Charming Tulip Holdings Limited.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board of the 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 report, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by the Company on 9 October 2023. The purpose of the Pre-IPO Share Option Scheme is to enable the Company to grant options to (i) any full-time employee, administrative personnel, and senior staff of the Group; (ii) any director (including non-executive director and independent non-executive director) of the Group; and any other eligible person who, in the discretion of the Board, has made contributions or will make contributions to the Group, as incentives or rewards for their contribution or potential contribution to any member of the Group. For more details of the Pre-IPO Share Option Scheme, please refer to "Statutory and General Information—D. Other Information—2. Pre-IPO Share Option Scheme" in Appendix IV to the Prospectus.

The maximum number of Shares in respect of which options or awards may be granted under the Pre-IPO Share Option Scheme is 38,671,875 Shares. No option shall be granted under the Pre-IPO Share Option Scheme on or after the Listing Date, although provisions of the Pre-IPO Share Option Scheme will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Pre-IPO Share Option Scheme prior to the Listing Date, and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Pre-IPO Share Option Scheme.

OTHER INFORMATION

The table below shows details of the movements in the number of share options granted under the Pre-IPO Share Option Scheme for the Reporting Period:

Grantees	Date of Grant	Exercise price	Outstanding	Exercised	Cancelled	Lapsed	Outstanding
			as at 1 January 2024				as at 30 June 2024
Directors							
Mr. Huang Wei	18 October 2023	HK\$0.55 ⁽³⁾	3,819,900 ⁽¹⁾	-	-	-	3,819,900
Mr. Ye Fuwei	18 October 2023	HK\$0.55 ⁽³⁾	3,809,100 ⁽¹⁾	-	-	-	3,809,100
Ms. Zhang Jinghua	18 October 2023	HK\$0.55 ⁽³⁾	1,000,000 ⁽¹⁾	-	-	-	1,000,000
Sub-total			8,629,000				8,629,000
Connected persons							
Ms. Ye Ying	18 October 2023	HK\$0.55 ⁽³⁾	1,800,000 ⁽¹⁾	-	-	-	1,800,000
Mr. Qiu Guohu	18 October 2023	HK\$0.55 ⁽³⁾	800,000 ⁽¹⁾	-	-	-	800,000
Mr. Ye Song	18 October 2023	HK\$0.55 ⁽³⁾	600,000 ⁽¹⁾	-	-	-	600,000
Mr. He Xiaowu	18 October 2023	HK\$0.55 ⁽³⁾	150,000 ⁽¹⁾	-	-	-	150,000
Mr. Yang Jiabin	18 October 2023	HK\$0.55 ⁽³⁾	200,000 ⁽¹⁾	-	-	-	200,000
Sub-total			3,550,000				3,550,000
Employees in aggregate							
205 employees	18 October 2023	HK\$0.55 ⁽³⁾	24,210,000 ⁽¹⁾	-	-	1,220,000 ⁽²⁾	22,990,000
Sub-total			24,210,000				22,990,000
Total			36,389,000				35,169,000

Notes:

- (1) The exercise period of the options granted to the grantees shall be five years from the respective vesting date of the relevant options. The options granted to the grantees will be vested in the grantee in the following manners and in accordance with the following vesting schedule provided that the vesting conditions determined by the Board are satisfied in the relevant financial year: (i) 20% of the total number of the share options granted will be vested in the financial year of the Listing Date; (ii) 20% of the total number of the share options granted will be vested in the financial year immediately following the Listing Date; (iii) 20% of the total number of the share options granted will be vested in the second financial year after the Listing Date; (iv) 20% of the total number of the share options granted will be vested in the third financial year after the Listing Date; and (v) 20% of the total number of the share options granted will be vested in the fourth financial year after the Listing Date.
- (2) These options lapsed automatically and became unexercisable in accordance with the rules of the Pre-IPO Share Option Scheme due to the cessation of employment of the relevant employees during the Reporting Period.
- (3) The exercise price per Share in respect of any particular option granted under the Pre-IPO Share Option Scheme is 50% of the Offer Price.



OTHER INFORMATION

Save as disclosed above, no other options have been granted or agreed to be granted by the Company under the Pre-IPO Share Option Scheme.

2. Share Option Scheme

The Company conditionally approved and adopted the Share Option Scheme on 9 October 2023, which became effective upon the Listing Date. Since the Listing Date and up to 30 June 2024, no options have been granted or agreed to be granted under the Share Option Scheme. The principal terms of the Share Option Scheme are set out as follows.

(a) Purpose

The purpose of the Share Option Scheme is to recognize and acknowledge the contributions that the Eligible Participants (as defined below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(b) Who may join

The Board may, at its discretion, offer to grant an option to the following persons (collectively the “**Eligible Participants**”) to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with the rules of the Share Option Scheme:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including non-executive directors and independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisers, consultants, suppliers, distributors and such other persons who provide services to the Company and/or any of its subsidiaries on a continuing and recurring basis in the ordinary and usual course of business of the Group, the grant of options to whom is in the interests of the long-term growth of the Group as determined by the Board, but excluding (i) placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions of the Company or its subsidiaries, and (ii) professional service providers such as the auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity (“**Service Providers**”).

(c) Maximum of Shares

The maximum number of Shares in respect of which all options which may be granted under the Share Option Scheme and all share options and share awards under any other share schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (“**Scheme Mandate Limit**”), being 51,562,500 Shares, representing 10% of the total number of Shares in issue as of the date of this interim report.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of all options granted under the Share Option Scheme and all share options and share awards granted under any other share schemes of the Company (including both exercised and outstanding share options and share awards) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to the relevant requirements pursuant to the Listing Rules.

(e) Acceptance of option

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance or payment in favour of the Company of RMB1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date, which shall be not later than 14 days after the offer Date. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(f) Exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

(g) Vesting period

The vesting period of an option shall be determined by the Board and in any case, shall not be less than 12 months. A shorter vesting period may be granted to directors and employees of the Company or any of its subsidiaries (including persons who are granted options or awards under the scheme as an inducement to enter into employment contracts with these companies) at the discretion of the Board in certain circumstances as provided under the rules of the Share Option Scheme.

(h) Exercise price

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(i) Period and remaining life of the Share Option Scheme

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption (i.e. the Listing Date). No option may be granted under the Share Option Scheme more than 10 years after the Listing Date.



OTHER INFORMATION

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).

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed “Share Incentive Schemes” in this interim report, the Company had no outstanding convertible securities, options, warrants and similar rights during the Reporting Period and there was no issue or grant of any convertible securities, options, warrants and similar rights during the Reporting Period.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the any 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 under the Listing Rules as at the date of this report.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save for the Share Incentive Schemes, at no time during the Reporting Period, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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, the 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.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There was no subsequent event after 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 report has 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.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024	2023
		RMB'000 Unaudited	RMB'000 Audited
Revenue	6	658,651	601,001
Cost of revenue	7	(449,391)	(403,710)
Gross profit		209,260	197,291
Selling and marketing expenses	7	(49,882)	(44,086)
Administrative expenses	7	(55,880)	(56,896)
Research and development expenses	7	(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	8	(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	9	(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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024	2023
		RMB'000 Unaudited	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 period 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 period (RMB cents)			
– Basic	10	3.82	18.40
– Diluted	10	3.64	3.90

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Assets			
Non-current assets			
Property and equipment	12	497,657	428,067
Intangible assets	12	18,663	19,699
Finance lease receivables	14	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	13	23,027	–
		1,561,009	1,472,064
Current assets			
Inventories	16	134,179	169,976
Finance lease receivables	14	689,606	689,221
Trade receivables	15	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
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	19	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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Non- current liabilities			
Borrowings	18	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	18	958,053	919,946
Trade payables	17	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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Unaudited							
Balance at 1 January 2024	4,657	485,185	23,495	262,156	775,493	5,957	781,450
Comprehensive income/(loss)							
Profit/(loss) for the period	-	-	-	19,685	19,685	(206)	19,479
Exchange difference arising from translation of functional currency to presentation currency	-	-	(1,534)	-	(1,534)	10	(1,524)
Total comprehensive income/(loss) for the period	-	-	(1,534)	19,685	18,151	(196)	17,955
Transactions with owners in their capacity as owners							
Share-based payments	-	-	4,395	-	4,395	-	4,395
Total transactions with owners in their capacity as owners	-	-	4,395	-	4,395	-	4,395
Balance at 30 June 2024	4,657	485,185	26,356	281,841	798,039	5,761	803,800
Audited							
Balance at 1 January 2023	2,858	326,067	17,361	153,951	500,237	6,377	506,614
Comprehensive income/(loss)							
Profit/(loss) for the period	-	-	-	62,402	62,402	(148)	62,254
Exchange difference arising from translation of functional currency to presentation currency	-	-	(3,291)	-	(3,291)	-	(3,291)
Changes in fair value of ordinary share with redemption right due to own credit risk	-	-	(203)	-	(203)	-	(203)
Total comprehensive income/(loss) for the period	-	-	(3,494)	62,402	58,908	(148)	58,760
Transactions with owners in their capacity as owners							
Transfer to statutory reserve	-	-	1,831	(1,831)	-	-	-
Total transactions with owners in their capacity as owners	-	-	1,831	(1,831)	-	-	-
Balance at 30 June 2023	2,858	326,067	15,698	214,522	559,145	6,229	565,374

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Year ended 30 June	
	2024	2023
	RMB'000	RMB'000
	Unaudited	Audited
Cash flows from operating activities		
Cash generated from operations	97,016	103,024
Income tax paid	(7,958)	(11,527)
Interest paid	(81,410)	(84,253)
Net cash generated from operating activities	7,648	7,244
Cash flows from investing activities		
Interest received	242	344
Proceeds from disposal of property and equipment	15,018	13,666
Payment for purchase of property and equipment	(138,430)	(139,175)
Payment for addition of intangible assets	(4,831)	(4,928)
Investment in associates	(22,500)	–
Proceeds from disposal of financial assets at fair value through profit or loss	7,000	–
Net cash used in investing activities	(143,501)	(130,093)
Cash flows from financing activities		
Proceeds from borrowings	721,223	670,128
Repayments of borrowings	(597,213)	(524,123)
Repayment of lease liabilities	(3,269)	(3,554)
Placement of deposits for borrowings	(10,409)	(11,475)
Redemption of deposits for borrowings	7,410	5,218
Prepaid listing expenses	(1,534)	(954)
Net cash generated from financing activities	116,208	135,240
Net (decrease)/increase in cash and cash equivalents	(19,645)	12,391
Cash and cash equivalents at beginning of period	267,733	201,078
Effect on foreign exchange rate difference	256	562
Cash and cash equivalents at end of period	248,344	214,031



NOTES TO 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 interim condensed 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.

3 CHANGES IN ACCOUNTING POLICIES

The accounting policies and calculation methods adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the annual report for the year ended 31 December 2023. The interim condensed consolidated 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.



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4 ESTIMATES AND JUDGEMENTS

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

In preparing the interim condensed consolidated financial information, the significant judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2023.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 FINANCIAL RISK FACTORS

There has been no material change in the Group's liquidity and financing risk management policies and practices in the financial statements for the six months ended 30 June 2024 as compared to those for the year ended 31 December 2023.

5.2 Fair value estimation

Financial assets and financial liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's current financial assets, including trade and other receivables, finance lease receivables, cash and cash equivalents and restricted cash; and current financial liabilities, including trade payables, other payables and accruals, lease liabilities and borrowings, approximate their fair values as at the reporting date due to their short term maturities. The carrying value of non-current financial assets and liabilities approximate its fair value as at the reporting date.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)

5.2 Fair value estimation (Continued)

The following table presents the change in Level 3 instruments for the Reporting Period:

	As at 30 June 2024	
	Interest in a limited partnership RMB'000 Unaudited	Ordinary shares with redemption right RMB'000 Unaudited
Opening balance	20,024	–
Disposal	(7,000)	–
Changes in fair value due to own credit risk	–	–
Exchange difference arising from translation	–	–
Gain/(loss) recognised in profit and loss	(8)	–
Closing balance	13,016	–
	As at 31 December 2023	
	Interest in a limited partnership RMB'000 Audited	Ordinary shares with redemption right RMB'000 Audited
Opening balance	21,647	(163,129)
Conversion to ordinary shares	–	69,893
Changes in fair value due to own credit risk	–	(203)
Exchange difference arising from translation	–	(2,955)
Gain/(loss) recognised in profit and loss	(1,623)	96,394
Closing balance	20,024	–

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a discounted cash flow model to measure its financial assets at fair value through other comprehensive income, based on market conditions present at the reporting date and Management's business projections. Specific valuation techniques used to value derivative financial instruments include discounted present value using forward exchange rate at the reporting date. Key unobservable data includes interbank forward exchange rates and forward exchange rate volatility. Changes in the subjective input assumptions may have a significant impact on the fair value estimate. There were no changes in the valuation techniques during the Period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE AND SEGMENT INFORMATION

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

	For the six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7 EXPENSES BY NATURE

	For the six months ended 30 June	
	2024	2023
	RMB'000 Unaudited	RMB'000 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8 FINANCE COST, NET

	For the six months end 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 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)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9 INCOME TAX EXPENSES

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

	For the six months end 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 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%.

10 EARNINGS PER SHARE

	For the six months end 30 June	
	2024 Unaudited	2023 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



NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10 EARNINGS PER SHARE (Continued)

(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.

11 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).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

12 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

13 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 thousand, among which, XXF Group made an investment of RMB23,030 thousand, owning the same proportion of interests in the invested company.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

14 FINANCE LEASE RECEIVABLES (Continued)

An ageing analysis of finance lease receivables is as follows:

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 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 at 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 RMB'000 Unaudited	2023 RMB'000 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

15 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

16 INVENTORIES

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Automobiles	139,716	175,192
Vehicle telematics equipment	2,353	2,406
	142,069	177,598
Provision for inventories	(7,890)	(7,622)
	134,179	169,976

Automobiles included new and repossessed automobiles. For the six months ended 30 June 2024, the cost of inventories recognised as expenses included in cost of revenue amounted to approximately RMB341,213 thousand (For the six months ended 30 June 2023: RMB312,293 thousand).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

17 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 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 at 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 reporting dates.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

18 BORROWINGS (Continued)

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 thousand and RMB1,806,044 thousand 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 RMB'000	As at 31 December 2023 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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

19 SHARE CAPITAL

	Number of ordinary shares	Share capital nominal value	
		HK\$'000	RMB'000
Authorised:			
As at 31 December 2023, 1 January 2024 and 30 June 2024	4,000,000,000	40,000	36,512
Issued and fully paid:			
As at 31 December 2023, 1 January 2024 and 30 June 2024	515,625,000	5,156	4,657

20 SHARE-BASED PAYMENT

During the six months ended 30 June 2024, the board of directors of the Company approved the establishment of a Pre-IPO Share Incentive Plan with the purpose of motivating, attracting and retaining those individuals for outstanding performance to generate superior returns to the shareholders of the Group. The maximum aggregate number of shares which may be issued pursuant to the Pre-IPO Share Incentive Plan is 38,671,875 ordinary shares.

The share options have graded vesting terms, and will be vested from the grant date over five financial years on the condition that employees remain in service together with a performance requirement.

The options may be exercised at any time after the IPO of the Company provided the options have vested and subject to the terms of the Pre-IPO Share Incentive Plan. The options are exercisable for a maximum period of five years after the date of grant, i.e. 18 October 2023. The exercise price per option is HK\$0.55.

Set out below is a summary of the options granted under the plan:

	Number of share options	Weighted average exercise price per share option
Outstanding as at 31 December 2023	36,389,000	HK\$0.55
Granted during the period	–	HK\$0.55
Forfeited during the period	(1,220,000)	HK\$0.55
Outstanding as at 30 June 2024	35,169,000	HK\$0.55
Vested and exercisable at 30 June 2024	7,033,800	HK\$0.55

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

20 SHARE-BASED PAYMENT (Continued)

The expiry date and exercise price of share options issued are as follows:

Grant date	Expiry date	Exercise price	Vesting year	As at	As at
				30 June 2024 Unaudited	31 December 2023 Audited
18 October 2023	17 October 2028	HK\$0.55	20% for each of the financial year since 31 December 2023	35,169,000	36,389,000

Based on the fair value of the underlying ordinary shares of the Company, the Group has used Binomial model to determine the fair value of the share options as of the grant date. Key assumptions are set as below:

Equity value per share (in HK\$)	1.10
Exercise price (in HK\$)	0.55
Option value per Share (in HK\$)	0.62
Risk free interest rate	4.20%
Expected life	5 years
Expected volatility	45.00%
Dividend yield	0.00%

Expenses arising from share-based payment transactions for the Reporting Period:

	For the six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Audited
Pre-IPO Share Incentive Plan	4,395	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 CONNECTED TRANSACTIONS (Continued)

(a) The directors of the Company are of the view that the following companies were related parties that had transactions or balances with the Group during the Reporting Period: (Continued)

Notes:

- (i) Lease payment is charged in accordance with the agreement entered into between the Group and the related party.
- (ii) Management fee is charged in accordance with the agreement entered into between the relevant parties.
- (iii) Addition of right-of-use asset from related companies was conducted in the normal course of business at prices and terms as agreed between the Group and the related party.

(b) Balances with related parties

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Right-of-use asset (trade nature)		
– Ningde Public Transport Company Limited	140	170
– Shenghui Logistic Group Co. Ltd.	–	–
	140	170
Lease liabilities (trade nature) (Note)		
– Ningde Public Transport Company Limited	126	154
– Shenghui Logistic Group Co. Ltd.	–	–
	126	154

Note: Lease liabilities are settled in accordance with the agreement entered into between the Group and the related party.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

22 CONNECTED TRANSACTIONS (Continued)

(c) Key management compensation

	For the six months ended 30 June	
	2024	2023
	RMB'000 Unaudited	RMB'000 Audited
Salaries, bonuses, allowances and benefits in kind	1,549	1,257
Retirement benefit costs—defined contribution plans	71	111
Share-based payments	1,008	—
	2,628	1,368



DEFINITIONS

“associate”	the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“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
“Director(s)”	the director(s) of the Company or any one of them
“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 report, owned as to 47% by XXF Group and 53% by Fujian Taikang
“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



DEFINITIONS

“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 report 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
“Offer Price”	the offer price for the Global Offering, being HK\$1.10
“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
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Share Option Scheme”	the share option scheme adopted by the Company on 9 October 2023 and effective upon the Listing Date
“Share(s)”	ordinary share(s) in the share capital of the Company with the nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of Share(s)



DEFINITIONS

“Share Incentive Schemes”	the Pre-IPO Share Option Scheme and the Share Option Scheme
“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

* For identification purposes only