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SY HOLDINGS GROUP LIMITED
盛業控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

PERFORMANCE HIGHLIGHTS

For the six months ended 30 June 2023

- In line with the Group's platform-based strategy, total cumulative platform users were 13,655 as of 30 June 2023, representing an increase of approximately 19.6% as compared to 11,413 as of 30 June 2022. Total funding partners increased by 34.1% from 91 as of 30 June 2022 to 122 as of 30 June 2023. SME loan customers accounted for more than 98% during the six months ended 30 June 2023.

- Total cumulative supply chain assets processed was approximately RMB177 billion as of 30 June 2023, representing an increase of approximately 21.2% as compared to approximately RMB146 billion as of 30 June 2022.

- The Group's total revenue and income from principal activities increased by 28.1% year-on-year to RMB494.8 million for the six months ended 30 June 2023, compared to RMB386.3 million for the six months ended 30 June 2022.

- Tech-related revenue generated from platform-based services and supply chain technology services for the six months ended 30 June 2023 was RMB84.1 million, representing an increase of approximately 183.9%, as compared to RMB29.6 million for the six months ended 30 June 2022. The proportion of tech-related revenue in Group's total revenue and income from principal activities is approximately 17.0%, representing a significant increase as compared to approximately 7.7% for the six months ended 30 June 2022.

- Income from digital financing solutions for the six months ended 30 June 2023 was RMB355.0 million representing an increase of approximately 17.4%, as compared to RMB302.3 million for the six months ended 30 June 2022.

- Profit after taxation for the six months ended 30 June 2023 was RMB187.0 million representing an increase of approximately 4.4%, as compared to the profit after tax of RMB179.1 million for the six months ended 30 June 2022.

- The Directors do not recommend the payment of a dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. About SY Holdings Group Limited

SY Holdings Group Limited (the "**Group**", "**Company**" or "**SY**") is a leading supply chain technology platform providing data-driven, efficient, and inclusive industrial Internet-of-Things ("**IIoT**") and digital financing solutions for companies across the Asia-Pacific region. As the digital economy becomes a new engine for China's economic growth, the Group is strategically positioned as a supply chain technology platform, leveraging its technological capabilities to empower supply chains and to facilitate the digital upgrade of traditional industries. The Company is also committed to providing services which include one-stop supply chain technology services and digital financing solutions for enterprises and financial institutions, driving supply chain efficiency and making finance more inclusive.

The Group's Dual-Engine, One-Platform strategy has laid a foundation for more efficient and sustainable growth in the future. Dual Engine refers to the two growth engines of IIoT and digital finance, which empower one another as they develop synergistically. One-Platform means that the Group fully leverages its technological advantages to build an open, inclusive, and complementary supply chain technology platform by linking core enterprises, funding partners, corporate partners and small and medium-sized enterprises ("**SMEs**").

The Group's business segments comprise (i) digital financing solutions, (ii) platform-based services, (iii) supply chain technology services and (iv) sales of supply chain assets[1]. Through building a comprehensive supply chain ecosystem, the Group will expand the scale of its IIoT business, leverage technology to empower its digital finance business and maximize its platform linkage capability to create a mutually beneficial ecosystem throughout the supply chain.

2. First Half 2023 Highlights

Achieving Steady Growth Despite the Challenging Macro Environment and Contributing to the Recovery of the Real Economy

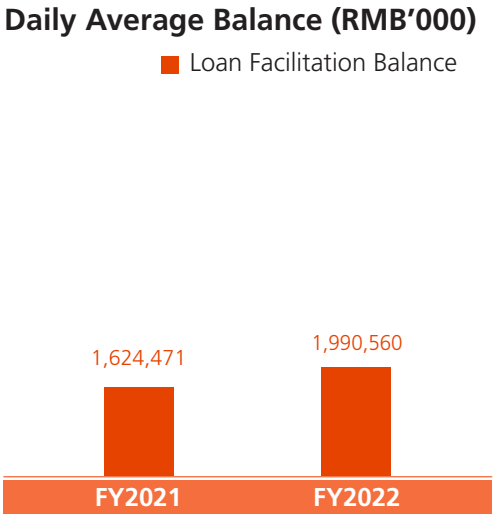
- In the first half of 2023, despite the challenging global economic conditions and the fluctuations in the global capital market, China's economy gradually rebounded and stabilized. Finding opportunities amid these challenges, SY focused on its principal activities in the digital finance business while further improving its technology strength and platform-based service capabilities. The Group achieved steady growth by contributing to the high-quality development of the real economy, which include ensuring the security and stability of the industrial and supply chain ecosystems in infrastructure, medicine, energy and other sectors, while providing SMEs with financial services to help them weather the difficulties. During the Period, the net profit of the Group reached approximately RMB187.0 million, an increase of approximately 4.4% year-on-year.

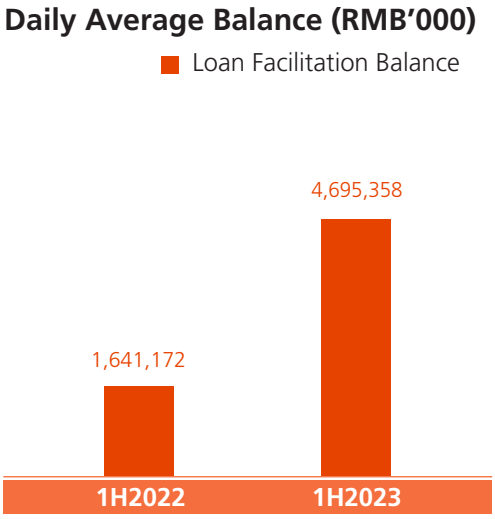
[1] Supply chain assets refer to assets including accounts receivables and accounts payables of core enterprises arising from transactions in the supply chain ecosystem

- In the healthcare sector, in July 2023, SY entered into a strategic partnership with a large state-owned pharmaceutical distribution company, expanding collaboration in equity

Strengthening Research and Development ("R&D") Capabilities to Unlock Value

- Benefiting from expanded scale of funding and improved asset quality, the Group's daily average loan facilitation balance[2] was RMB4.70 billion as of 30 June 2023, an increase of approximately 186.1% year-on-year. During the period, revenue from platform-based services reached approximately RMB67.4 million, of which revenue from referral service and technology service for loan facilitation reached RMB67.2 million, an increase of 142.7% year-on-year. The Group remains confident that growth in its overall platform-based services will remain resilient, underpinned by robust SME financing demand coupled with favourable government policies, particularly those geared towards supporting the development and growth of the SME segment in China.





Embracing ESG and Sustainable Development

- SY actively fulfills its corporate social responsibilities and considers environmental, social and governance ("**ESG**") factors as a core component of its business decisions. ESG has always been a core part of the Group's DNA through its mission of "driving supply chain efficiency and making finance more inclusive". In 2023, SY received another "A" rating

- SY is also committed to social responsibility. On 12 May 2022, SY launched the SY Public Welfare Foundation ("**Foundation**") in Tianjin PRC. The Foundation has carried out public welfare activities in three major areas: caring for children in need, supporting industry development and youth inspirational programs, contributing to the development of a harmonious society. In addition, SY has made many donations to rural poverty alleviation efforts and medical charities, provided publicity for public welfare causes, and hosted a "Little Migratory Birds at Construction Sites Summer Camp" for children of migrant workers in the infrastructure industry. Since 2014, the total amount of public welfare expenditure of SY is approximately RMB10.9 million, benefitting over 4,400 people.

FINANCIAL REVIEW

Revenue and income from principal activities

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

The Group's total revenue and income from principal activities increased by 28.1% year-on-year to RMB494.8 million for the six months ended 30 June 2023, compared to RMB386.3 million for the corresponding period in last year, mainly due to (i) the expansion of the loan facilitation business in the SME segment; (ii) the rapid growth in the supply chain technology business; and (iii) the expansion of the digital financing solutions which is supported by banks and other borrowings.

Other gains and losses

The Group booked other gains of RMB6.3 million in the first half of 2023, an increase of 369.8% year-on-year, compared to RMB1.4 million for the corresponding period of last year. The increase was mainly due to (i) the net effect of exchange loss as a result of the depreciation of RMB against HK$ and US$ and net gain arising from changes in fair value of derivative financial instruments in relation to foreign currency; and offset by (ii) the decrease in net gain arising from changes in fair value of other financial assets at fair value through profit or loss.

Expenses

The following table sets forth the comparative figures of the principal components of the operational expenses for the six months ended 30 June 2023 and 2022.

	six months ended 30 June		
	2023	2022	
	RMB'000	*RMB'000*	Year-on-year
Staff Costs	**60,457**	60,133	0.5%
Depreciation and amortisation	**15,678**	14,091	11.3%

Adjusted net profit

Adjusted net profit increased by 4.5% year-on-year to RMB188.3 million for the six months ended 30 June 2023, compared to RMB180.2 million for the six months ended 30 June 2022.

Non-HKFRSs measure: Adjusted net profit

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

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

The following tables set forth reconciliations of the Group's non-HKFRSs measures for the six months ended 30 June 2023 and 2022, respectively, to the nearest measures prepared in accordance with HKFRSs.

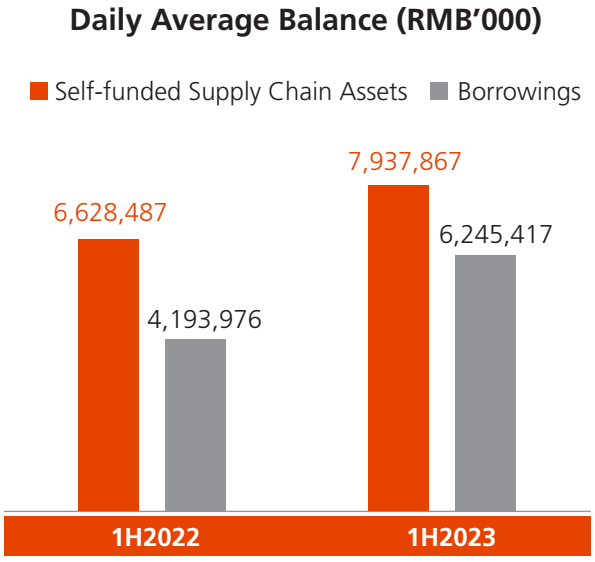
	2023	2022
	RMB'000	*RMB'000*
Profit for the six months ended 30 June	**187,006**	179,083
Add:		
Equity-settled share-based payments based on our share incentive plan *(note)*	**1,303**	1,146
Adjusted net profit for the period (non-HKFRSs)	**188,309**	180,229

Note: It represents the share options/restricted share unit ("RSU") that we granted under our share incentive plan, which is a non-cash expense.

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

Borrowings and finance costs

Borrowings, including loans from related parties, as of 30 June 2023 was RMB6,570.0 million, a 36.3% increase year-on-year. Daily average borrowings over the first half of 2023 was RMB6,245.4 million, a 48.9% increase year-on-year. The increase in finance costs of RMB81.4 million year-on-year was mainly due to the increase in the daily average balance of borrowings and the increase in average borrowings interest rate from 5.6% for the six months ended 30 June 2022 to 6.4% for the six months ended 30 June 2023.



Taxation

Income tax expenses represent the tax expense arising from the assessable profit generated by the Group in the PRC, withholding tax levied on interest income of Hong Kong subsidiaries, withholding tax levied on dividend declared by a PRC subsidiary and deferred tax. Except for certain PRC subsidiaries that enjoy preferential tax rates, PRC enterprise income tax is calculated at 25% of the estimated assessable profits for six months ended 30 June 2023 and 2022. The increase in the effective tax rate from 4.7% for the six months ended 30 June 2022 to 18.3% for six months ended 30 June 2023 was mainly attributable to the increase in profit before taxation in subsidiaries with applicable tax rate of 25% and the expiry of exemption of income tax policy enjoyed by the subsidiary.

For the six months ended 30 June 2023, income tax expenses amounted to approximately RMB42.0 million (for the six months ended 30 June 2022: RMB8.8 million).

KEY INTERNAL CONTROLS IN RESPECTIVE OF DIGITAL FINANCING SOLUTIONS

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

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

Credit approval

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

- ***Customer Quota***

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

  The Customer Quota is generally determined between the potential customer and the Group based ostomercora 0 s.cor imers.cort990 ecorc0.5 (er)hen 0 10 9enJers.but also (ue)5 (uest)54cor8 (4an)corpobut c6

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

Going forward, SY will further strengthen collaboration with outstanding regional SOEs and embed itself into their supply chain ecosystems to efficiently reach more local customers and contribute to the development of the real economy. Leading regional SOEs are often well-positioned within the industrial landscape and have access to extensive resources. At the same time, the Group's innovative technology can help revitalize the value of state-owned assets by efficiently connecting industrial supply chains with resources through its precise customer acquisition and big data analytics capabilities. Looking ahead, the Group will continue to strengthen its partnerships with high-quality SOEs and replicate its successful experience in more regions and cities. By further leveraging its platform capability to build a digital ecosystem, the Group will solve SMEs' supply chain financing pain points and contribute to the development of the real economy.

CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING

During the six months ended 30 June 2023, the Group's main sources of funds were the cash generated

INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

USE OF PROCEEDS

The Placement in 2021

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

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

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

Use of proceeds from the Placement

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

Use of proceeds	Net proceeds raised (Approximately *HK$ million*)	Actual use of net proceeds during the year ended 31 December 2021 (Approximately *HK$ million*)	Actual use of net proceeds during the year ended 31 December 2022 (Approximately *HK$ million*)	Actual use of net proceeds during the six months ended 30 June 2023 (Approximately *HK$ million*)	Intended use and expected timeline of the remaining amount of net proceeds
Strategic acquisition of and/or investment in business(es) in the industrial technology and digital financing	275.4	275.4	–		amount ofsStrategic6

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CAPITAL COMMITMENTS

As at 30 June 2023, the capital commitments of the Group comprised of purchase of property and equipment of approximately RMB351.3 million and investment in an associate of approximately RMB0.2 million (31 December 2022: purchase of property and equipment of approximately RMB20.5 million and investment in an associate of approximately RMB0.2 million).

CONTINGENT LIABILITIES

Save as disclosed in note 17 of the "Notes to the condensed consolidated financial statements", the Group

FOREIGN EXCHANGE RISKS

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

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had a total of 386 staff (As at 31 December 2022: 377 staff). Total staff costs (including Directors' emoluments) were approximately RMB71.8 million (including share option benefits RMB0.6 million and RSU benefits RMB0.7 million) for the six months ended 30 June 2023 (for the six months ended 30 June 2022: RMB69.5 million (including share option benefits RMB1.0 million and RSU benefits RMB0.1 million)). Remuneration is determined by reference to market conditions and the performance, qualifications and experience of individual employee. In light of the Group's continuous strive to maintain its market position, recruitment and retention of talent is of paramount importance to the future development of the Group. Therefore, the Group is committed to continuously enhancing and optimizing its remuneration and benefits policies to remain competitive. A comprehensive incentive plan has been adopted to reward existing and retain new senior management members and employees. Year-end bonuses are based on individual performance and are paid to employees as recognition of and reward for their contributions. Other benefits include contributions to the statutory mandatory provident fund scheme and social insurance together with housing provident funds for the employees in the PRC (including Mainland China and Hong Kong SAR) and Singapore, respectively.

The Group operates a share option scheme for the purpose of providing incentives and rewards to eligible directors, employees and contractors of the Group, who contribute to the success of the Group's operations.

In addition, the Group introduces a restricted share unit scheme to give incentives and retain the eligible grantees by recognizing their contributions, and to attract suitable personnel for further development of the Group.

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

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

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

RECENT DEVELOPMENT OF REGULATORY FRAMEWORK

On 18 May 2023, the National Administration of Financial Regulation ("**NAFR**") was officially unveiled to replace the former China Banking and Insurance Regulatory Commission for overseeing the financial services industry other than securities. The NAFR will comprehensively implement the three key tasks of serving the real economy, containing financial risks and deepening the financial reform. To this end, it will bring all financial activities under regulations according to law, strive to eliminate regulatory gaps and blind spots, and vigorously enhance the coordination between the central and the local regulatory authorities.

On 19 May 2023, the People's Bank of China ("**PBOC**") published the China Financial Stability Report (2022). According to the PBOC, due to weak technology strengths and the lack of consumption scenarios, small and medium-sized banks have inadequate customer acquisition ability for their online self-operated business, and typically partner with Fintech platforms in expanding online operations. For the next step, the PBOC indicated its plan to further optimize the cooperation model between small and medium-sized banks and technology companies and clarify the boundaries for their rights and responsibilities. Furthermore, it will implement pervasive regulation over Fintech innovations, and introduce regulatory policies on Fintech companies to reinforce the risk firewall for financial and technology players.

On 13 June 2023, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Finance and the PBOC jointly issued the Notice of the National Development and Reform Commission and Other Authorities on the Key Task of Cost Reduction in 2023 (the "**Notice**"). The Notice calls for improving the national integrated network of financing credit service

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

As at 30 June 2023, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to provisions set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Save as disclosed herein, as at 30 June 2023, none of the Directors or chief executive of the Company or their associates (as defined in the Listing Rules) had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to provisions set out in Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange.

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

As at 30 June 2023, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of issued share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

Name	**Capacity/nature of interest**	**Number and class of securities interested** *(Note 1)*	**Percentage of shareholding**
TMF Trust *(Note 2)*	Trustee	559,581,960 (L)	56.45%
Eander *(Note 2)*	Interest in a controlled corporation	559,581,960 (L)	56.45%
Wisdom Cosmos *(Note 2)*	Beneficial owner	559,581,960 (L)	56.45%
Wuxi Communications Industry Group Co., Ltd ("**WXCIG**") *(Note 3)*	Interest in a controlled corporation	61,363,500 (L)	6.19%
Xitong International Holdings (HK) Limited ("**Xitong**") *(Note 3)*	Beneficial owner	61,363,500 (L)	6.19%

Notes:

1. The letter "L" denotes long position of the shares of the Company.

2. Wisdom Cosmos, a company incorporated in the BVI, is the beneficial owner of 559,581,960 shares of the Company, representing approximately 56.45% shareholding interests in the Company. The entire issued share capital of Wisdom Cosmos is owned by Eander, a company incorporated in the BVI, which is in turn wholly owned by TMF Trust, trustee of the PJ Trust, an irrevocable reserved power trust established by Mr. Tung. Mr. Tung and his family members are the beneficiaries of the PJ Trust. Under the SFO, Mr. Tung, TMF Trust and Eander are deemed to be interested in all the shares of the Company registered in the name of Wisdom Cosmos.

3. Xitong, a company incorporated in Hong Kong, is the beneficial owner of 61,363,500 shares of the Company, representing approximately 6.19% shareholding interests in the Company. The entire issued share capital of Xitong is owned by WXCIG, a company incorporated in the PRC, which is in turn wholly owned by State-owned Assets Supervision and Administration Commission of Wuxi Municipal People's Government. Under the SFO, WXCIG and Xitong are deemed to be interested in all the shares of the Company registered in the name of Xitong.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other person, other

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of Shares of the Company available for issue under the RSU Scheme is 20,092,570 Shares, representing approximately 2.03% of the 989,750,000 ordinary Shares of the Company in issue as at 30 August 2023, being the date of this announcement.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 30 June 2023, the remaining life of the RSU Scheme is about 8 years and 9 months old.

Pursuant to Rule 17.07(3) of the Listing Rules, the total number of Shares that may be issued in respect of share options and RSUs granted under the Share Option Scheme and RSU Scheme of the Company during the six months ended 30 June 2023 divided by the weighted average number of shares of the relevant class in issue for the corresponding period was 8.42%.

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

During the six months ended 30 Jun

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

For the six months ended 30 June 2023, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the provisions set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions adopted by the Company during the period from the Listing Date to the date of this announcement.

CHANGES IN INFORMATION OF DIRECTORS

Mr. Lo Wai Hung resigned as an independent non-executive director of C Cheng Holdings Limited (stock code: 1486) with effect from 3 April 2023.

Save as above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

PERMITTED INDEMNITY

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

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2023 and the interim report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

The Company's independent auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

EVENT AFTER THE REPORTING PERIOD

The Company had no significant subsequent event after reporting period.

INTERIM RESULTS

The board of Directors of the Company (the "**Board**") announces the unaudited interim consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2023 together with comparative figures for the corresponding period in 2022. The financial information has been approved by the Board.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue from contracts with customers	*4*		
– Platform-based services		**67,413**	29,324
– Supply chain technology services		**16,651**	284
Income from digital financing solutions	*4*		
– Interest income from supply chain assets		**344,407**	292,987
– Guarantee income		**9,570**	9,349
– Interest income from contracts that contain significant financing components		**977**	–
Gain on sales of supply chain assets	*4*	**55,818**	54,312
Revenue and income from principal activities		**494,836**	386,256
Other income	*5*	**38,340**	21,091
Other gains and losses	*6*	**6,347**	1,351
Staff costs	*9*	**(60,457)**	(60,133)
Depreciation and amortisation	*9*	**(15,678)**	(14,091)
Materials cost	*9*	**(15,411)**	(354)
Other operating expenses		**(26,432)**	(27,245)
Impairment losses under expected credit loss ("**ECL**") model, net of reversal	*15*	**4,633**	(2,320)
Finance costs	*7*	**(200,021)**	(118,662)
Donation	*9*	**(2,206)**	(329)
Share of profit of associates		**5,051**	2,290
Profit before taxation		**229,002**	187,854
Taxation	*8*	**(41,996)**	(8,771)
Profit for the period	*9*	**187,006**	179,083
Attributable to:			
– Owners of the Company		**174,862**	168,212
– Non-controlling interests		**12,144**	10,871
		187,006	179,083
Earnings per share	*11*		
– Basic (RMB cents)		**18**	17
– Diluted (RMB cents)		**18**	17

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

		Six months ended 30 June	
		2023	2022
	NOTE	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	NOTES	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Non-current assets			
Property and equipment		**27,828**	17,426
Right-of-use assets		**110,222**	91,322
Investment property		**31,536**	31,936
Goodwill		**316,028**	316,028
Intangible assets		**163,575**	155,676
Investments in associates	*12*	**355,180**	209,350
Deferred tax assets		**25,341**	22,359
Derivative financial instruments		**–**	2,015
Other financial assets at fair value through profit or loss ("**FVTPL**")	*13*	**138,320**	152,879
Supply chain assets at FVTOCI	*14*	**77,281**	235,137
Equity instruments at FVTOCI		**57,949**	53,629
Debt instrument at amortised cost		**–**	18,981
Trade and bill receivables		**22,937**	15,542
Other receivables, prepayments and others		**13,635**	11,230
Time deposits		**16,758**	105,534
		1,356,590	1,439,044
Current assets			
Derivative financial instruments		**30,573**	3,634
Other financial assets at FVTPL	*13*	**274,603**	256,264
Supply chain assets at FVTOCI	*14*	**7,966,413**	8,186,941
Debt instrument at amortised cost		**18,962**	–
Loans to an associate		**198,728**	199,385
Loan receivable		**–**	164,000
Receivables from guarantee customers		**2,663**	4,558
Trade and bill receivables		**38,711**	37,930
Other receivables, prepayments and others		**78,825**	27,447
Contract costs		**1,727**	3,560
Time deposits		**112,797**	5,850
Pledged bank deposits		**507,073**	472,813
Cash and cash equivalents		**615,502**	577,033
		9,846,577	9,939,415

	NOTES	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Current liabilities			
Loans from related parties		**788,286**	370,052
Trade and other payables	*16*	**311,354**	494,285
Derivative financial instruments		**2,982**	12,904
Contract liabilities		**20,370**	5,180
Income tax payable		**49,789**	37,119
Liabilities arising from guarantee contracts	*17*	**18,905**	25,891
Borrowings	*18*	**3,615,337**	4,494,121
Other financial liabilities at FVTPL	*19*	**106,375**	–
Lease liabilities		**11,376**	5,111
		4,924,774	5,444,663
Net current assets		**4,921,803**	4,494,752
Non-current liabilities			
Derivative financial instruments		**–**	2,056
Borrowings	*18*	**2,166,373**	1,746,189
Lease liabilities		**15,259**	1,263
Deferred tax liabilities		**50,890**	60,599
		2,232,522	1,810,107
Net assets		**4,045,871**	4,123,689
Capital and reserves			
Share capital	*20*	**8,574**	8,717
Reserves		**3,831,018**	3,907,475
Equity attributable to owners of the Company		**3,839,592**	3,916,192
Non-controlling interests		**206,279**	207,497
Total equity		**4,045,871**	4,123,689

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to owners of the Company											
	Share capital *RMB'000*	Share premium *RMB'000*	Share held for restricted share unit scheme ("RSU Scheme") *RMB'000*	Capital reserves *RMB'000*	FVTOCI reserves/ Revaluation reserves *RMB'000*	Translation reserves *RMB'000*	Share-based payments reserves *RMB'000*	Statutory reserves *RMB'000*	Retained profits *RMB'000*	Subtotal *RMB'000*	Non-controlling interests *RMB'000*	Total *RMB'000*
At 1 January 2023 (unaudited)	8,717	2,272,342	(39,311)	1,775	15,064	(137)	25,933	216,115	1,415,694	3,916,192	207,497	4,123,689
Profit for the period	-	-	-	-	-	-	-	-	174,862	174,862	12,144	187,006
Other comprehensive income (expense) for the period	-	-	-	-	6,303	(76)	-	-	-	6,227	1,479	7,706
Total comprehensive income (expense) for the period	-	-	-	-	6,303	(76)	-	-	174,862	181,089	13,623	194,712
Purchase of shares under RSU Scheme	-	-	(10,693)	-	-	-	-	-	-	(10,693)	-	(10,693)
Repurchase and cancellation of shares	(143)	(90,651)	-	-	-	-	-	-	-	(90,794)	-	(90,794)
Acquisition of additional interest in a subsidiary of the Company	-	-	-	(89,231)	-	-	-	-	-	(89,231)	(38,566)	(127,797)
Disposal of partial interests in a subsidiary without losing control	-	-	-	275	-	-	-	-	-	275	23,725	24,000
Recognition of equity-settled share-based payments	-	-	-	-	-	-	1,303	-	-	1,303	-	1,303
Dividends recognised as distribution *(note 10)*	-	(68,549)	-	-	-	-	-	-	-	(68,549)	-	(68,549)
Lapse of share options	-	-	-	-	-	-	(917)	-	917	-	-	-
At 30 June 2023 (unaudited)	8,574	2,113,142	(50,004)	(87,181)	21,367	(213)	26,319	216,115	1,591,473	3,839,592	206,279	4,045,871

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**633,920**	460,205
INVESTING ACTIVITIES		
Proceeds from disposal of other financial assets at FVTPL	**431,755**	372,239
Repayment of a loan receivable	**164,000**	83,345
Repayments from loans to an associate	**150,500**	–
Bank interest income received	**4,837**	4,982
Proceeds from time deposits	**4,360**	–
Construction related deposits received	**4,000**	–
Interest received from loans to an associate	**1,200**	–
Interest received from debt instrument at amortised cost	**490**	–
Proceeds from disposal of equipment	**32**	1
Redemption of a debt instrument at amortised cost	**–**	10,847
Withdrawal of pledged bank deposits for derivative financial instruments	**–**	2,000
Interest received from a loan receivable	**–**	1,040
Purchases of debt instruments at amortised cost	**–**	(47,739)
Advances of a loan receivable	**–**	(83,345)
Payments for right-of-use assets	**–**	(86,314)
Net cash inflow arising on acquisition of assets through acquisition of a subsidiary	**–**	262
Repayment of security deposits for derivative financial instruments	**–**	201
Refundable rental deposits received	**–**	95
Payments for refundable rental deposits	**(53)**	–
Purchase of equity instruments at FVTOCI	**(100)**	–
Purchase of property and equipment	**(13,615)**	(659)
Payment for development costs and purchase of other intangible assets	**(14,079)**	(9,465)
Payment for settlement of derivative financial instruments	**(16,529)**	(10,666)
Placement of time deposits	**(16,758)**	(112,490)
Investment in an associate	**(140,449)**	–
Advances of a loan to an associate	**(147,000)**	–
Repayment of security deposit for loan receivable	**(164,000)**	–
Purchase of other financial assets at FVTPL	**(466,300)**	(430,773)
NET CASH USED IN INVESTING ACTIVITIES	**(217,709)**	(306,439)

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
New borrowings raised	**4,080,980**	2,336,292
Loans raised from related parties	**1,812,821**	521,000
Withdrawal of pledged bank deposits for borrowings	**211,358**	88,183
Withdrawal of pledged structured deposits for bank borrowings	**206,941**	–
Proceeds from other financial liabilities at FVTPL	**92,115**	–
Proceeds from disposal of partial interest in a subsidiary without losing control	**23,000**	–
Repayment of security deposits for borrowings	**6,699**	–
Proceeds received on exercise of equity-settled share options	**–**	4,143
Security deposits paid for borrowings	**–**	(16,503)
Interest paid for lease liabilities	**(584)**	(448)
Repayment of lease liabilities	**(6,169)**	(7,002)
Purchase of shares under RSU Scheme	**(10,693)**	(6,844)
Interest paid for loans from related parties	**(27,758)**	(13,658)
Temporary advance to a non-controlling shareholder of a subsidiary	**(41,650)**	–
Acquisition of additional interest in a subsidiary of the Company	**(87,294)**	–
Payment on repurchase and cancellation of shares	**(90,794)**	–
Interest paid for borrowings	**(170,975)**	(101,986)
Placement of structured deposits pledged for borrowings	**(171,247)**	(160,000)
Placement of pledged bank deposits for borrowings	**(251,586)**	(79,368)
Repayment of loans from related parties	**(1,529,857)**	(190,000)
Repayment of borrowings	**(4,417,230)**	(2,345,966)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(371,923)**	27,843
NET INCREASE IN CASH AND CASH EQUIVALENTS	**44,288**	181,609
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**577,033**	800,410
Effect of foreign exchange rate changes	**(5,819)**	(23,602)
CASH AND CASH EQUIVALENTS AT 30 JUNE	**615,502**	958,417

1. BASIS OF PREPEATATION

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

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than additional accounting policies resulting from the application of new and amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**"), and the application of certain accounting policies which became relevant to the Group, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 17(including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In addition, in July 2023, the HKICPA issued the amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

2.1.2 Transition and summary of effects

For reporting entities which previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction separately

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction separately and temporary differences on initial recognition on the relevant assets and liabilities were not recognised due to application of the initial recognition exemption. In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;

(ii) the Group also, as at 1 Jan
that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance.

2.2 Accounting policies which became relevant to the Group

Financial instruments

Financial liabilities and equity

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

3. SEGMENT INFORMATION

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

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

4. REVENUE AND INCOME FROM PRINCIPAL ACTIVITIES

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

(i) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Platform-based services		
– Referral service fees	**37,687**	–
– Technology service for loan facilitation	**29,501**	27,684
– Technology service for asset-backed securitisation ("**ABS**") products	**–**	1,199
– Other services	**225**	441
	67,413	29,324
Supply chain technology services	**16,651**	284
	84,064	29,608

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time		
– Technology service for loan facilitation	**29,501**	27,684
– Supply chain technology services	**16,651**	284
– Other services	**225**	441
	46,377	28,409
A point in time		
– Referral service fees	**37,687**	–
– Technology service for ABS products	**–**	1,199
	37,687	1,199
	84,064	29,608

(ii) Income from digital financing solutions

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Digital financing solutions		
– Interest income from supply chain assets	**344,407**	

5. OTHER INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government subsidies	**25,721**	13,703
Interest income		
– bank deposits	**7,629**	4,982
– loans to an associate	**3,806**	–
– debt instruments at amortised cost	**471**	1,073
– loan receivables	**–**	1,040
Rental income from an investment property	**321**	34
Others	**392**	259
	38,340	21,091

6. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net gain arising from changes in fair value of derivative financial instruments	**20,373**	3,220
Net gain from changes in fair value of other financial assets at FVTPL	**6,410**	21,850
Gain from modification of lease contracts	**–**	33
Exchange loss, net	**(5,952)**	(23,641)
Loss arising from changes in fair value of other financial liabilities at FVTPL	**(14,260)**	–
Others	**(224)**	(111)
	6,347	1,351

7. FINANCE COSTS

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest and guarantee expenses on borrowings	**167,386**	103,625
Interest on loans from related parties	**32,051**	14,589
Interest on lease liabilities	**584**	448
	200,021	118,662

8. TAXATION

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax	**53,074**	14,171
– Withholding tax levied on dividend declared of a PRC subsidiary	**2,000**	–
– Withholding tax levied on interest income of a Hong Kong subsidiary	**512**	1,042
	55,586	15,213
Deferred tax	**(13,590)**	(6,442)
	41,996	8,771

9. PROFIT FOR THE PERIOD

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' emoluments *(note i)*	**3,331**	65
Other staff costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share-based payment expenses	**62,706**	64,218
– Staff's retirement benefit scheme contributions	**5,731**	5,223
Total staff costs	**71,768**	69,506
Less: amount capitalised in intangible assets	**(10,843)**	(9,373)
Less: amount capitalised in contract cost	**(468)**	–
Staff costs recognised in profit or loss	**60,457**	60,133
Depreciation of property and equipment	**1,568**	1,796
Depreciation of right-of-use assets	**7,530**	6,857
Depreciation of investment property	**400**	75
Amortisation of intangible assets	**6,187**	5,374
Total depreciation and amortisation	**15,685**	14,102
Less: amount capitalised in development costs	**(7)**	(11)
Depreciation and amortisation recognised in profit or loss	**15,678**	14,091
Research and development costs *(note ii)*	**7,211**	4,462
Materials cost recognised as an expense	**15,411**	354
Donation	**2,206**	329

Notes:

(i) During the six months ended 30 June 2022, the options granted to a director failed to satisfy a vesting condition other than a market condition and did not vest, which result in a reversal of RMB2,628,000 in the share-based payment expenses.

(ii) During the six months ended 30 June 2023, research and development costs mainly consist of staff costs amounted to RMB7,195,000 (six months ended 30 June 2022: RMB4,322,000).

10. DIVIDENDS

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

	Six months ended 30 June	
	2023	2022
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
2022 final – HK7.5 cents (2022: 2021 final dividend HK7.5 cents) per share	**74,349**	75,318

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Shown in the condensed consolidated financial statements	**68,549**	64,411

The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2023.

11. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**174,862**	168,212

	Six months ended 30 June	
	2023	2022
	'000	*'000*
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**990,675**	1,004,395
Effect of dilutive potential ordinary shares:		
Share options/RSU Scheme	**541**	1,156
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**991,216**	1,005,551

12. INVESTMENTS IN ASSOCIATES

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

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Cost of investments in associates, unlisted	**349,649**	209,200
Share of post-acquisition profit	**5,064**	13
Share of post-acquisition OCI	**467**	137
	355,180	209,350

13. OTHER FINANCIAL ASSETS AS FVTPL

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Equity tranche	**186,995**	146,730
Structured deposits	**128,763**	164,634
Unlisted equity investments	**95,336**	95,550
Trust fund	**1,829**	2,229
	412,923	409,143
Analysed for reporting purposes as:		
Current assets	**274,603**	256,264
Non-current assets	**138,320**	152,879
	412,923	409,143

14. SUPPLY CHAIN ASSETS AT FVTOCI

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Supply chain assets at FVTOCI	**8,043,694**	8,422,078
Analysed for reporting purposes as:		
Current assets	**7,966,413**	8,186,941
Non-current assets	**77,281**	235,137
	8,043,694	8,422,078

As at 30 June 2023, the effective interest rates of the supply chain assets at FVTOCI range mainly from 5.50% to 13.00% (31 December 2022: 4.00% to 15.00%) per annum.

As at 30 June 2023, certain commercial acceptance bills received from customers with fair value amounting of RMB276,973,000 (31 December 2022: RMB594,777,000) as pledged bills to the supply chain assets. The bills can also be applied and used to settle any outstanding receivables of supply chain assets for the corresponding contract if default occurs, otherwise the Company needs to return the bills if the outstanding supply chain assets are settled. Until such time as default occurs and they are used to settle the supply chain assets, the commercial acceptance bills are not recognised as an asset in the condensed consolidated financial statements.

As at 30 June 2023, the gross carrying amount of supply chain assets of RMB404,000 is past due (31 December 2022: RMB4,453,000). When analysing the credit quality of supply chain assets at FVTOCI, the entire outstanding of balance of the supply chain assets is classified as past due in the event that instalments repayment of a supply chain asset at FVTOCI is past due.

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

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Impairment losses recognised (reversed) on:		
– Supply chain assets at FVTOCI	**(4,235)**	2,293
– Financial guarantee contracts	**(365)**	24
– Receivables from guarantee customers	**(24)**	3
– Loans to an associate	**(9)**	–
	(4,633)	2,320

16. TRADE AND OTHER PAYABLES

	30 June 2023	31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Deposits from digital financing solutions customers	**78,662**	157,261
Dividend payable to shareholders of the Company	**70,433**	1,67533

18. BORROWINGS

	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000* (Audited)
Bank borrowings and bills discounted	**3,420,103**	3,166,919
ABS issued	**1,097,575**	1,108,513
Bank loans under supplier finance arrangements	**68,562**	207,630
Entrusted loans	**231,837**	150,392
Other loans	**963,633**	1,606,856
	5,781,710	6,240,310
Secured	**5,464,196**	5,372,246
Unsecured	**317,514**	868,064
	5,781,710	6,240,310

	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000* (Audited)
The carrying amounts of the above borrowings are repayable*:		
– within one year	**3,365,835**	4,443,604
– within a period of more than one year but not exceeding two years	**1,633,239**	932,397
– within a period of more than two year but not exceeding five years	**533,134**	813,792
	5,532,208	6,189,793
The carrying amounts of the above borrowings that contain a repayment on demand clause (shown under current liabilities) but repayable:		
– within one year	**249,502**	50,517
	5,781,710	6,240,310
Less: Amounts due within one year shown under current liabilities	**(3,615,337)**	(4,494,121)
Amounts shown under non-current liabilities	**2,166,373**	1,746,189

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

19. OTHER FINANCIAL LIABILITIES AT FVTPL

	30 June 2023 *RMB'000* (Unaudited)	31 December 2022 *RMB'000* (Audited)
Structured notes	**106,375**	–

20. SHARE CAPITAL

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

	Number of shares	Share capital *HK$*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2022, 1 January 2023 and 30 June 2023 (unaudited)	5,000,000,000	50,000,000

	Number of shares	Share capital *HK$*
Issued:		
At 1 January 2022 (audited)	1,004,296,500	10,042,965
Exercise of share options	3,418,000	34,180
At 31 December 2022 (audited)	1,007,714,500	10,077,145
Repurchase and cancellation of shares	(16,396,500)	(163,965)
At 30 June 2023 (unaudited)	991,318,000	9,913,180

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PUBLICATION

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

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

Hong Kong, 30 August 2023

As at the date of this announcement, the Board comprises two Executive Directors: Mr. T