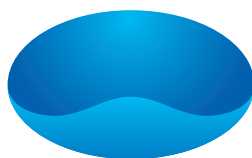


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA HUIRONG FINANCIAL HOLDINGS LIMITED

中國匯融金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1290)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

	Six months ended 30 June		Change
	2025	2024	%
	RMB'000	RMB'000	
	Unaudited	Unaudited	
Operating Results			
Operating income	345,814	351,380	-2%
Operating cost	221,387	211,488	5%
Profit attributable to owners of the Company	32,762	30,609	7%
Basic earnings per share (expressed in RMB)	0.030	0.028	7%
	As at	As at	
	30 June	31 December	
	2025	2024	Change
	RMB'000	RMB'000	%
	Unaudited	Audited	
Financial Position			
Total assets	3,319,707	3,504,127	-5%
Total liabilities	1,118,343	1,301,438	-14%
Loans to customers	2,375,043	2,517,986	-6%
Cash at bank and cash on hand	164,877	147,893	11%
Net assets	2,201,364	2,202,689	0%

The board (the “**Board**”) of directors (the “**Directors**”) of China Huirong Financial Holdings Limited (the “**Company**” or “**China Huirong**”) hereby announces the interim results of the Company and its subsidiaries (together, the “**Group**” or “**we**”) for the six months ended 30 June 2025 (the “**Reporting Period**”) as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2025

(All amounts in RMB thousands unless otherwise stated)

		Six months ended 30 June	
		2025	2024
	Note	Unaudited	Unaudited
Interest income	6	138,907	166,677
Sales of goods	7	198,174	183,556
Consultancy fee income		2,379	989
Commission fee income		207	158
Finance lease income		<u>6,147</u>	<u>4,771</u>
Operating income		<u>345,814</u>	<u>351,380</u>
Interest expense	8	(24,571)	(29,582)
Costs of sales	7	<u>(196,816)</u>	<u>(181,906)</u>
Operating cost		<u>(221,387)</u>	<u>(211,488)</u>
Net investment gains	9	6	1,218
Credit impairment losses	10	(68,424)	(46,136)
Other operating income	11	<u>28,197</u>	<u>5,548</u>
Net operating income		84,206	100,522
General and administrative expenses		(34,540)	(43,179)
Other losses, net	12	<u>(126)</u>	<u>(186)</u>
Profit before income tax		49,540	57,157
Income tax expense	13	<u>(9,536)</u>	<u>(14,582)</u>
Profit for the period		<u>40,004</u>	<u>42,575</u>

		Six months ended 30 June	
		2025	2024
	Note	Unaudited	Unaudited
Profit for the period attributable to:			
— Owners of the Company		32,762	30,609
— Non-controlling interests		<u>7,242</u>	<u>11,966</u>
		<u>40,004</u>	<u>42,575</u>
Earnings per share (expressed in RMB)			
— Basic earnings per share	14(a)	<u>0.030</u>	<u>0.028</u>
— Diluted earnings per share	14(b)	<u>0.030</u>	<u>0.028</u>
Other comprehensive income for the period, net of tax		<u>—</u>	<u>—</u>
Total comprehensive income for the period		<u>40,004</u>	<u>42,575</u>
Total comprehensive income for the period attributable to:			
— Owners of the Company		32,762	30,609
— Non-controlling interests		<u>7,242</u>	<u>11,966</u>
		<u>40,004</u>	<u>42,575</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

(All amounts in RMB thousands unless otherwise stated)

		As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
	Note		
ASSETS			
Non-current assets			
Property plant and equipment	16	50,734	51,562
Right-of-use assets	17	17,605	15,709
Investments accounted for using the equity method	18	2,132	2,132
Investment properties	19	169,746	169,746
Intangible assets		445	514
Loans to customers	20	271,115	262,532
Finance lease receivables	21	46,444	26,536
Deferred income tax assets	22	110,173	103,374
Other non-current assets		<u>4,505</u>	<u>3,836</u>
Total non-current assets		<u>672,899</u>	<u>635,941</u>
Current assets			
Inventories		4,279	2,519
Other current assets		175,652	51,999
Commission fee receivables		43	—
Loans to customers	20	2,103,928	2,255,454
Financial assets held under resale agreement		—	217,863
Finance lease receivables	21	82,247	72,599
Financial assets at fair value through profit or loss	23	115,782	119,859
Cash at bank and cash on hand	24	<u>164,877</u>	<u>147,893</u>
Total current assets		<u>2,646,808</u>	<u>2,868,186</u>
Total assets		<u><u>3,319,707</u></u>	<u><u>3,504,127</u></u>

		As at 30 June 2025	As at 31 December 2024
	<i>Note</i>	Unaudited	Audited
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	25	8,662	8,662
Share premium	26	604,478	604,478
Other reserves	26	570,599	587,239
Retained earnings		<u>716,104</u>	<u>713,240</u>
		1,899,843	1,913,619
Non-controlling interests		<u>301,521</u>	<u>289,070</u>
Total equity		<u><u>2,201,364</u></u>	<u><u>2,202,689</u></u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	17	3,151	1,964
Borrowings	27	203,500	334,000
Deferred income tax liabilities	22	<u>21,904</u>	<u>18,971</u>
Total non-current liabilities		<u>228,555</u>	<u>354,935</u>
Current liabilities			
Other current liabilities	28	121,528	139,598
Current income tax liabilities		13,766	29,627
Amounts due to related parties		633	633
Dividends payable		1,261	1,261
Lease liabilities	17	3,126	1,801
Borrowings	27	<u>749,474</u>	<u>773,583</u>
Total current liabilities		<u>889,788</u>	<u>946,503</u>
Total liabilities		<u><u>1,118,343</u></u>	<u><u>1,301,438</u></u>
Total equity and liabilities		<u><u>3,319,707</u></u>	<u><u>3,504,127</u></u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2025

(All amounts in RMB thousands unless otherwise stated)

1. GENERAL INFORMATION

China Huirong Financial Holdings Limited (中國匯融金融控股有限公司) (the “Company”) was incorporated in the Cayman Islands on 11 November 2011 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company is ultimately controlled by Messrs Zhu Tianxiao (朱天曉), Zhang Xiangrong (張祥榮), Ge Jian (葛健), Chen Yannan (陳雁南), Wei Xingfa (魏興發), Yang Wuguan (楊伍官) and Zhuo You (卓有) (hereinafter collectively referred to as the “Ultimate Shareholders”).

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in lending services through granting secured and unsecured loans to customers in the People’s Republic of China (the “PRC”).

On 28 October 2013, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard 34, “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcement made by the Company during the six months ended 30 June 2025.

The Group continues to adopt the going concern basis in preparing its interim condensed consolidated financial information.

3. MATERIAL ACCOUNTING POLICIES

The accounting policies adopted are consistent with those set out in the consolidated financial statements for the year ended 31 December 2024.

3.1 Amended standards adopted by the Group

The Group has applied the amendments to HKAS 21 “Lack of Exchangeability” for the first time from 1 January 2025. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standard.

3.2 Impact of standards issued but not yet applied by the Group

In July 2024, HKICPA issued HKFRS 18 which is effective for annual reporting period beginning on or after 1 January 2027, with early application permitted. HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit

or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information. The management is currently assessing the impact of applying HKFRS 18 on the presentation and the disclosure of the consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group continually evaluates its critical accounting estimates and judgements applied based on historical experience and other factors, including reasonable expectations of future events.

In preparing this 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 are the same as those that applied to the consolidated financial statements for the year ended 31 December 2024.

5. SEGMENT INFORMATION

The Board is the Group's chief operating decision-maker, which assesses the financial performance and position of the Group and makes strategic decisions.

The Group manages its business under two operating and reportable segments for the six months ended 30 June 2025 (2024: same).

(a) Business segments

From business perspective, the Group provides services through two main business segments listed below:

Inclusive finance business division: The inclusive finance business division mainly refers to provision of lending services in the PRC. From a product perspective, the inclusive finance business division principally engaged in lending services through granting secured loans and unsecured loans to customers.

Ecology finance business division: The division mainly dedicates services to supply chain, loan facilitation technology, factoring, insurance agency, financial leasing, special assets investment and equity investment business.

(b) Segment analysis

The profit or loss before income tax for each reportable segment including incomes and expenses from external transactions and from transactions with other segments, and other items in the interim condensed consolidated statement of comprehensive income are allocated based on the operations of the segment.

Segment assets and segment liabilities are measured in the same way as in the interim condensed consolidated statement of financial position. These assets and liabilities are allocated based on the operations of the segment.

Six months ended 30 June 2025					
Unaudited	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
External operating income	107,945	230,652	7,217	—	345,814
Internal operating income	—	242	32,799	(33,041)	—
External operating cost	(4,232)	(206,262)	(10,893)	—	(221,387)
Internal operating cost	(3,154)	(812)	230	3,736	—
Net investment gains	—	6	—	—	6
Credit impairment (losses)/gains	(72,063)	3,352	287	—	(68,424)
External other operating income	21,999	(3,127)	4,656	(1,585)	28,197
General and administrative expenses	(26,963)	(18,579)	(19,888)	30,890	(34,540)
Other gains/(losses), net	(310)	—	184	—	(126)
Profit/(losses) before income tax	<u>23,222</u>	<u>11,726</u>	<u>14,592</u>	<u>—</u>	<u>49,540</u>
Capital expenditure	<u>(4,300)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,300)</u>
As at 30 June 2025					
Unaudited	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
Segment assets	1,406,889	1,261,267	657,732	(6,181)	3,319,707
Segment liabilities	<u>(184,014)</u>	<u>(533,813)</u>	<u>(408,183)</u>	<u>7,667</u>	<u>(1,118,343)</u>

Six months ended 30 June 2024					
Unaudited	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
External operating income	117,293	227,147	6,940	—	351,380
Internal operating income	—	151	4,032	(4,183)	—
External operating cost	(6,752)	(194,571)	(10,165)	—	(211,488)
Internal operating cost	(3,760)	(392)	—	4,152	—
Net investment (losses)/gains	—	(3)	1,221	—	1,218
Credit impairment (losses)/gains	(41,218)	(6,879)	1,961	—	(46,136)
External other operating income/(losses)	156	3,348	5,995	(3,951)	5,548
General and administrative expenses	(18,897)	(5,236)	(23,028)	3,982	(43,179)
Other gains, net	—	80	(266)	—	(186)
Profit/(loss) before income tax	<u>46,822</u>	<u>23,645</u>	<u>(13,310)</u>	<u>—</u>	<u>57,157</u>
Capital expenditure	<u>(468)</u>	<u>(19)</u>	<u>(6,094)</u>	<u>—</u>	<u>(6,581)</u>
As at 31 December 2024					
Audited	Inclusive finance business division	Ecology finance business division	Headquarters and others	Elimination	Total
Segment assets	1,643,397	1,337,055	523,892	(217)	3,504,127
Segment liabilities	<u>(262,685)</u>	<u>(599,691)</u>	<u>(439,412)</u>	<u>350</u>	<u>(1,301,438)</u>

6. INTEREST INCOME

Six months ended 30 June

2025 2024

Unaudited Unaudited

Interest income from loans to customers		
— Secured loans	54,457	96,718
— Unsecured loans	80,553	48,155
Interest income from financial assets held under resale agreement	3,351	16,524
Interest income from bank deposits	546	509
	<u>138,907</u>	<u>161,906</u>

7. SALES OF GOODS AND COSTS OF SALES

The goods sold mainly contain electronic products and daily groceries.

8. INTEREST EXPENSE

Six months ended 30 June

2025 2024

Unaudited Unaudited

Interest expense on bank borrowings	15,755	15,268
Interest expense on micro-finance company borrowings	679	3,900
Interest expense on other borrowings	8,005	10,075
Other interest expenses	132	339
	<u>24,571</u>	<u>29,582</u>

9. NET INVESTMENT GAINS

Six months ended 30 June

2025 2024

Unaudited Unaudited

Fair value losses		
— financial assets at fair value through profit or loss	—	(516)
Net gains from disposal of financial assets	—	1,734
Others	6	—
	<u>6</u>	<u>1,218</u>

10. CREDIT IMPAIRMENT LOSSES

Six months ended 30 June

2025 2024

Unaudited Unaudited

Credit impairment losses on loans to customers	70,382	40,495
Credit impairment losses on finance lease receivables	1,569	2,276
Credit impairment losses on other current assets	—	—
Credit impairment losses on financial assets held under resale agreement	<u>(3,527)</u>	<u>3,365</u>
	<u>68,424</u>	<u>46,136</u>

11. OTHER OPERATING INCOME

Six months ended 30 June

2025 2024

Unaudited Unaudited

Net gains/(losses) from disposal of repossessed assets	21,748	(127)
Rental income	4,979	4,971
Others	<u>1,470</u>	<u>704</u>
	<u>28,197</u>	<u>5,548</u>

12. OTHER LOSSES, NET

Six months ended 30 June

2025 2024

Unaudited Unaudited

Net foreign currency losses	(396)	(266)
Government grants	<u>270</u>	<u>80</u>
	<u>(126)</u>	<u>(186)</u>

13. INCOME TAX EXPENSE

Six months ended 30 June

2025 2024

Unaudited Unaudited

Current income tax	13,402	15,395
Deferred income tax	<u>(3,866)</u>	<u>(813)</u>
	<u>9,536</u>	<u>14,582</u>

The difference between the income tax expense in the interim condensed consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
Profit before income tax	<u>49,540</u>	<u>57,157</u>
Tax calculated at domestic tax rates applicable to profits in the respective areas	12,557	14,489
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
— Entertainment expenses	1,577	415
— Sundry items	<u>(803)</u>	<u>(1,555)</u>
Subtotal	<u>774</u>	<u>(1,140)</u>
Unused tax losses for which no deferred tax asset has been recognised	4,247	1,594
Previously unrecognised tax losses now recouped to reduce current income tax	(2,933)	(853)
PRC withholding tax	1,850	3,500
Others	<u>(6,959)</u>	<u>(3,008)</u>
Income tax expense	<u>9,536</u>	<u>14,582</u>

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Enterprises incorporated in the British Virgin Islands are not subject to any income tax according to relevant rules and regulations.

The applicable Hong Kong profits tax rate is 16.5% (2024: 16.5%) on the assessable profits earned or derived in Hong Kong for the six months ended 30 June 2025.

According to the Corporate Income Tax Law of the PRC (the “CIT Law”), the income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable corporate tax rate of 25% (2024: 25%) on the estimated assessable profits based on existing legislations, interpretations and practices.

For small and micro enterprises with annual taxable income less than RMB1 million, the income tax provision is calculated at the applicable corporate tax rate of 20% (2024: 20%) on 25% (2024: 25%) of the taxable income amount, and for those with annual taxable income more than RMB1 million but less than RMB3 million, the income tax provision is calculated at the applicable corporate tax rate of 20% (2024: 20%) on 25% (2024: 25%) of the taxable income amount.

Pursuant to the CIT Law, a 5% (2024: 5%) withholding tax is levied on the dividends declared to the investors certified as Hong Kong resident enterprises from companies established in Mainland China and a 10% (2024: 10%) withholding tax is levied on the dividends declared to overseas investors from companies established in Mainland China.

14. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
Profit for the period attributable to owners of the Company	<u>32,762</u>	<u>30,609</u>
Weighted average number of ordinary shares in issue (in thousands)	<u>1,090,335</u>	<u>1,090,335</u>
Basic earnings per share (RMB)	<u>0.030</u>	<u>0.028</u>

(b) Diluted earnings per share

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. Diluted earnings per share is same as the basic earnings per share for the six months ended 30 June 2025 and 2024 as the Group has no category of dilutive potential ordinary shares in issue.

15. DIVIDENDS

A dividend of HK\$0.03 per ordinary share in respect of the year ended 31 December 2024 was declared at the annual general meeting of the Company held on 28 May 2025. It was determined that such dividend would be paid out of the retained earnings account. Based on the total number of ordinary shares of 1,090,335 thousand outstanding on 31 December 2024, a total dividend of HK\$32.7 million (equivalent to RMB29.8 million) was paid out by the Company on 26 June 2025.

A dividend of HK\$0.02 per ordinary share in respect of the year ended 31 December 2023 was declared at the annual general meeting of the Company held on 28 May 2024. It was determined that such dividend would be paid out of the retained earnings account. Based on the total number of ordinary shares of 1,090,335 thousand outstanding on 31 December 2023, a total dividend of HK\$21.8 million (equivalent to RMB19.8 million) was paid out by the Company on 28 June 2024.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings Unaudited	Vehicles Unaudited	Electronics and other equipment Unaudited	Total Unaudited
Cost				
At 1 January 2025	51,484	620	8,648	60,752
Additions	<u>—</u>	<u>409</u>	<u>40</u>	<u>449</u>
At 30 June 2025	<u>51,484</u>	<u>1,029</u>	<u>8,688</u>	<u>61,201</u>
Accumulated depreciation				
At 1 January 2025	(2,751)	(399)	(6,040)	(9,190)
Additions	<u>(450)</u>	<u>(44)</u>	<u>(783)</u>	<u>(1,277)</u>
At 30 June 2025	<u>(3,201)</u>	<u>(443)</u>	<u>(6,823)</u>	<u>(10,467)</u>
Carrying amount				
At 30 June 2025	<u>48,283</u>	<u>586</u>	<u>1,865</u>	<u>50,734</u>
	Audited	Audited	Audited	Audited
At 31 December 2024	<u>48,733</u>	<u>221</u>	<u>2,608</u>	<u>51,562</u>

17. RIGHT-OF-USE ASSET AND LEASES

This note provides information for leases where the Group is a lessee.

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Right-to-use assets		
Land-use rights (<i>note (a)</i>)	11,402	11,573
Properties	<u>6,203</u>	<u>4,136</u>
	<u>17,605</u>	<u>15,709</u>
Lease liabilities		
Current	3,126	1,801
Non-current	<u>3,151</u>	<u>1,964</u>
	<u>6,277</u>	<u>3,765</u>

Note:

- (a) As at 30 June 2025, land-use rights are pledged with banks to secure non-current bank borrowings with principal amount of RMB164.3 million (31 December 2024: RMB184.0 million) (note 27(a)).

The movement of right-of-use assets is as follows:

	Land-use rights Unaudited	Properties Unaudited	Total Unaudited
Cost			
At 1 January 2025	15,246	18,298	33,544
Additions	—	3,851	3,851
Deductions	—	(34)	(34)
At 30 June 2025	15,246	22,115	37,361
Accumulated depreciation			
At 1 January 2025	(3,673)	(14,162)	(17,835)
Additions	(171)	(1,784)	(1,955)
Deductions	—	34	34
At 30 June 2025	(3,844)	(15,912)	(19,756)
Carrying amount			
At 30 June 2025	11,402	6,203	17,605
	Audited	Audited	Audited
At 31 December 2024	11,573	4,136	15,709

For short-term lease and low-value asset lease, the Group chooses not to recognise the right-of-use assets and lease liabilities.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

On 4 June 2018, the Group acquired 7.5% of the equity interests in Shenzhen Zuanying Internet Co., Ltd. (深圳鑽盈互聯網有限公司), for a cash consideration of RMB1.5 million.

The Group invested RMB16.0 million to set up Suzhou Cibe Management Consulting Partnership (LP) (蘇州次貝企業管理諮詢合夥企業(有限合夥)) (“Suzhou Cibe”) together with another party and obtained 90% of the equity interest of Suzhou Cibe in 2021. According to the Partnership Agreement, the operating decisions of the partnership shall be unanimously agreed by both partners. Therefore, the Group has joint control over Suzhou Cibe and the investment is accounted for using the equity method of accounting.

The carrying amount of equity-accounted investments has changed as follows in the six months ended 30 June 2025:

	Six months ended 30 June	
	2025	2024
	Unaudited	Unaudited
At 1 January	2,132	5,374
Deductions	<u>—</u>	<u>(1,252)</u>
At 30 June	<u>2,132</u>	<u>4,122</u>

19. INVESTMENT PROPERTIES

	Six months ended 30 June 2025		
	Unaudited		
	Zhonghui Financial Building (notes (a), (b))	Other	Total
At fair value			
At 1 January	<u>168,066</u>	<u>1,680</u>	<u>169,746</u>
At 30 June	<u>168,066</u>	<u>1,680</u>	<u>169,746</u>

Notes:

- (a) The investment property is a self-constructed building, named Zhonghui Financial Building. The construction of the building started in January 2020 and was completed in December 2021. Part of the building is held by the Group for long-term rental yields through renting it to external parties as commercial and office property, and is measured at fair value. The fair value of the building as at 30 June 2025 almost has no change from 31 December 2024.
- (b) As at 30 June 2025, the investment property named Zhonghui Financial Building is pledged with banks to secure non-current bank borrowings with principal amount of RMB164.3 million (31 December 2024: RMB184.0 million), which is borrowed specifically for paying the construction and operation costs of Zhonghui Financial Building (note 27(a)).

20. LOANS TO CUSTOMERS

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Non-current		
Loans to customers, gross		
Unsecured loans	275,745	267,459
— Guaranteed loans	275,745	267,459
Less: ECL allowances	(4,630)	(4,927)
Loans to customers, net	271,115	262,532
Current		
Loans to customers, gross		
Secured loans	1,622,810	1,874,525
— Real estate backed loans	1,331,253	1,587,545
— Movable property backed loans	291,557	286,980
Unsecured loans	1,128,861	1,201,755
— Equity interest backed loans	522,175	563,659
— Guaranteed loans	303,101	330,115
— Other unsecured loans	303,585	307,981
	2,751,671	3,076,280
Less: ECL allowances		
Secured loans	(412,860)	(492,159)
Unsecured loans	(234,883)	(328,667)
	(647,743)	(820,826)
Loans to customers, net	2,103,928	2,255,454

Loans to customers arise from the Group's lending services. The current loan periods granted to customers are within one year. The terms of non-current loans granted to customers are between two to five years.

The real estate backed and equity interest backed loans provided to customers bear fixed interest rates ranging from 8.0% to 24.0% per annum for the six months ended 30 June 2025 (31 December 2024: same). Movable property backed loans granted to customers bear fixed interest rates from 8.0% to 36.0% per annum for the six months ended 30 June 2025 (31 December 2024: 8.0% to 54.0%). Guaranteed loans granted to customers bear fixed interest rates from 5.5% to 18.0% per annum for the six months ended 30 June 2025 (31 December 2024: same). Other unsecured loans granted to customers bear fixed interest rates from 8.0% to 16.0% per annum for the six months ended 30 June 2025 (31 December 2024: same).

As at 30 June 2025, renewed loans amounted to RMB307.5 million (31 December 2024: RMB342.2 million), which include real estate backed loans, equity interest backed loans and guaranteed loans (31 December 2024: same).

(a) Aging analysis of loans to customers

The aging of the loans to customers is calculated starting from the original granting date without considering the subsequent renewal of the loans. The aging analysis of loans to customers net of ECL allowances is set out below:

Unaudited	As at 30 June 2025		
	Secured loans	Unsecured loans	Total
Non-current	—	19,704	19,704
Within 3 months	—	126,100	126,100
3–6 months	—	105,609	105,609
6–12 months	—	19,702	19,702
12–24 months	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>271,115</u>	<u>271,115</u>

Unaudited	As at 30 June 2025		
	Secured loans	Unsecured loans	Total
Current			
Within 3 months	148,612	260,015	408,627
3–6 months	49,448	226,397	275,845
6–12 months	144,015	135,613	279,628
12–24 months	109,042	67,477	176,519
Over 24 months	191,570	142,354	333,924
Past due (<i>note (i)</i>)	<u>567,263</u>	<u>62,122</u>	<u>629,385</u>
	<u>1,209,950</u>	<u>893,978</u>	<u>2,103,928</u>

Unaudited	As at 31 December 2024		
	Secured loans	Unsecured loans	Total
Non-current			
Within 3 months	—	114,155	114,155
3–6 months	—	17,556	17,556
6–12 months	—	34,317	34,317
12–24 months	—	96,504	96,504
Over 24 months	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
	<u>—</u>	<u>262,532</u>	<u>262,532</u>

Unaudited	As at 31 December 2024		
	Secured loans	Unsecured loans	Total
Current			
Within 3 months	144,400	400,665	545,065
3–6 months	93,622	80,398	174,020
6–12 months	254,300	220,931	475,231
12–24 months	274,857	16,612	291,469
Over 24 months	7,207	93,441	100,648
Past due (<i>note (i)</i>)	<u>607,980</u>	<u>61,041</u>	<u>669,021</u>
	<u>1,382,366</u>	<u>873,088</u>	<u>2,255,454</u>

Note:

- (i) Past due loans to customers net of ECL allowances

Unaudited	As at 30 June 2025		
	Secured loans	Unsecured loans	Total
Past due within three months	37,108	26,236	63,344
Past due between three months and one year	100,381	31,752	132,133
Past due between one year and three years	74,262	1,222	75,484
Past due over three years	<u>355,512</u>	<u>2,912</u>	<u>358,424</u>
	<u>567,263</u>	<u>62,122</u>	<u>629,385</u>

Audited	As at 31 December 2024		
	Secured loans	Unsecured loans	Total
Current			
Past due within three months	107,684	7,587	115,271
Past due between three months and one year	180,047	52,467	232,514
Past due between one year and three years	33,973	—	33,973
Past due over three years	<u>286,276</u>	<u>987</u>	<u>287,263</u>
	<u>607,980</u>	<u>61,041</u>	<u>669,021</u>

21. FINANCE LEASE RECEIVABLES

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Undiscounted lease payments are analysed as:		
Recoverable after 12 months	72,562	22,331
Recoverable within 12 months	<u>81,625</u>	<u>91,074</u>
	<u>154,187</u>	<u>113,405</u>

The following table shows the maturity analysis of undiscounted lease payments to be received:

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Less than one year	81,625	91,073
One to two years	24,120	16,572
Two to three years	<u>48,442</u>	<u>5,760</u>
Total undiscounted lease payments	154,187	113,405
Less: Unearned finance income	<u>(18,412)</u>	<u>(8,755)</u>
	135,775	104,650
Less: ECL allowances	<u>(7,084)</u>	<u>(5,515)</u>
Net investments in finance leases	<u>128,691</u>	<u>99,135</u>
Analysed as:		
Non-current	46,444	26,536
Current	<u>82,247</u>	<u>72,599</u>
	<u>128,691</u>	<u>99,135</u>

The Group's finance lease receivables are all denominated in RMB.

The Group entered into finance leases as a lessor for certain equipment and machinery to its lessees. The term of finance leases entered into ranges from 1 to 3 years (31 December 2024: 1 to 3 years).

Residual value risk on the finance leases is not significant because of the existence of a secondary market with respect to the equipment and machinery.

The Group's finance lease do not include variable payments.

The average effective interest rate contracted is 11.17% per annum (31 December 2024: 12.66% per annum).

22. DEFERRED INCOME TAX

(a) Deferred income tax assets

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
The balance comprises temporary differences attributable to:		
ECL allowances charge on financial assets	110,245	103,446
Recoverable tax losses	<u>1,381</u>	<u>4,314</u>
Total deferred income tax assets	<u>111,626</u>	<u>107,760</u>
Offsetting of deferred income tax liabilities pursuant to off-setting provisions	<u>(1,453)</u>	<u>(4,386)</u>
Net deferred income tax assets	<u><u>110,173</u></u>	<u><u>103,374</u></u>

The movement in deferred income tax assets for the six months ended 30 June 2025, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Unaudited	ECL allowances charge on financial assets	Net losses from financial instruments at fair value through profit or loss	Recoverable tax losses	Total
At 1 January 2024	93,879	—	3,522	97,401
Credited/(charged) to the consolidated statement of comprehensive income	<u>1,893</u>	<u>—</u>	<u>(1,080)</u>	<u>813</u>
At 30 June 2024	<u>95,772</u>	<u>—</u>	<u>2,442</u>	<u>98,214</u>
At 1 January 2025	103,446	—	4,314	107,760
Credited/(charged) to the consolidated statement of comprehensive income	<u>6,799</u>	<u>—</u>	<u>(2,933)</u>	<u>3,866</u>
At 30 June 2025	<u><u>110,245</u></u>	<u><u>—</u></u>	<u><u>1,381</u></u>	<u><u>111,626</u></u>

As at 30 June 2025, it is estimated that deferred income tax assets will be reversed over one year (31 December 2024: same).

(b) **Deferred income tax liabilities**

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
The balance comprises temporary differences attributable to:		
Net gains from investment properties	19,117	19,117
Net gains from financial instruments at fair value through profit or loss	<u>4,240</u>	<u>4,240</u>
Total deferred income tax liabilities	<u>23,357</u>	<u>23,357</u>
Offsetting of deferred income tax assets pursuant to off-setting provisions	<u>(1,453)</u>	<u>(4,386)</u>
Net deferred income tax liabilities	<u>21,904</u>	<u>18,971</u>

The movement in deferred income tax liabilities for the six months ended 30 June 2025, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Unaudited	Net gains from investment properties	Net gains from financial instruments at fair value through profit or loss	Total
At 1 January 2024	23,300	2,417	25,717
Charged to the consolidated statement of comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June 2024	<u>23,300</u>	<u>2,417</u>	<u>25,717</u>
At 1 January 2025	19,117	4,240	23,357
Charged to the consolidated statement of comprehensive income	<u>—</u>	<u>—</u>	<u>—</u>
At 30 June 2025	<u>19,117</u>	<u>4,240</u>	<u>23,357</u>

As at 30 June 2025, it is estimated that deferred income tax liabilities will be reversed over one year (31 December 2024: same).

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Equity securities	95,352	99,429
Structured deposits (<i>notes (a), (b)</i>)	<u>20,430</u>	<u>20,430</u>
	<u>115,782</u>	<u>119,859</u>

Notes:

- (a) The interest rates of structured deposits are correlated to the foreign exchange rates agreed with respective banks.
- (b) As at 30 June 2025, structured deposits with principal amount of RMB20.0 million (31 December 2024: RMB20.0 million) have been pledged with a bank to secure borrowings with principal amount of RMB19.0 million (31 December 2024: RMB19.0 million) (note 27(b)).

24. CASH AT BANK AND CASH ON HAND

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Cash on hand	1,827	1,659
Demand deposits with banks	87,670	134,316
Deposits with securities company	—	96
Term deposits with banks with original maturities over 3 months, net	75,380	11,822
<i>Term deposits with banks with original maturities over 3 months, gross</i>	75,544	11,986
<i>Less: ECL allowances</i>	(164)	(164)
	<u>164,877</u>	<u>147,893</u>

Cash at bank and cash on hand are denominated in the following currencies:

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
RMB	160,547	142,285
US dollar	59	63
Hong Kong dollar	<u>4,271</u>	<u>5,545</u>
	<u>164,877</u>	<u>147,893</u>

Cash and cash equivalents of the Group are determined as follows:

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Cash at bank and cash on hand	164,877	147,893
Less: Unrestricted term deposits pledged with banks with original maturities over 3 months	<u>(75,380)</u>	<u>(11,822)</u>
	<u><u>89,497</u></u>	<u><u>136,071</u></u>

25. SHARE CAPITAL

	Number of shares	Ordinary shares HK\$	Ordinary shares RMB
Issued and fully paid:			
Unaudited			
As at 30 June 2025	<u><u>1,090,335,000</u></u>	<u><u>10,903,350</u></u>	<u><u>8,662,017</u></u>
Audited			
As at 31 December 2024	<u><u>1,090,335,000</u></u>	<u><u>10,903,350</u></u>	<u><u>8,662,017</u></u>

There are no movements in ordinary shares during the period.

26. SHARE PREMIUM AND OTHER RESERVES

	<u>Other reserves</u>					
	Share premium	Capital reserve	Statutory reserve	General reserve	Share- based payments reserve	Total
Unaudited						
At 1 January 2025	604,478	498,574	77,715	4,417	6,533	1,191,717
Partial disposal of a subsidiary without loss of control	<u>—</u>	<u>(16,640)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(16,640)</u>
At 30 June 2025	<u><u>604,478</u></u>	<u><u>481,934</u></u>	<u><u>77,715</u></u>	<u><u>4,417</u></u>	<u><u>6,533</u></u>	<u><u>1,175,077</u></u>

27. BORROWINGS

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Non-current		
Bank borrowings (<i>note (a)</i>)	<u>203,500</u>	<u>334,000</u>
Current		
Bank borrowings (<i>note (b)</i>)	457,810	425,020
Borrowings from other companies (<i>note (c)</i>)	105,415	115,520
Borrowings from micro-finance companies (<i>note (d)</i>)	40,000	95,000
Borrowings from the Group's employees (<i>note (e)</i>)	136,249	128,043
Borrowings from the Ultimate Shareholders (<i>note (f)</i>)	<u>10,000</u>	<u>10,000</u>
	<u>749,474</u>	<u>773,583</u>
	<u><u>952,974</u></u>	<u><u>1,107,583</u></u>

The Group's borrowings are all denominated in RMB.

Notes:

- (a) As at 30 June 2025, non-current bank borrowing with principal amount of RMB164.3 million (31 December 2024: RMB184.0 million) bears a fixed interest rate of 3.2% per annum (31 December 2024: 4.3% per annum), with Zhonghui Financial Building as the pledge. It is repaid in a scheduled instalments after 1 year but not more than 12 years (*note 19*).

As at 30 June 2025, non-current bank borrowing with principal amount of RMB20.0 million (31 December 2024: RMB20.0 million) bears a fixed interest rate of 4.05% per annum (31 December 2024: 4.5% per annum). It is secured by all shares of a subsidiary of the Company and guaranteed by a subsidiary of the Company. It is repaid in a scheduled instalments after 1 year but not more than 2 years.

As at 30 June 2025, non-current bank borrowing with principal amount of RMB19.2 million (31 December 2024: RMB20.0 million) bears a fixed interest rate of 4.0% per annum (31 December 2024: 4.0% per annum). It is guaranteed by a subsidiary of the Company. It is repaid in a scheduled instalments after 1 year but not more than 3 years.

As at 30 June 2025, there are no undrawn bank borrowing facilities (31 December 2024: same).

- (b) Current bank borrowings are all with maturity within one year and bear fixed interest rates ranging from 1.49% to 6.0% per annum as at 30 June 2025 (31 December 2024: from 2.6% to 6.5% per annum).

As at 30 June 2025, bank borrowing with principal amount of RMB19.0 million (31 December 2024: RMB19.0 million) is secured by a structured deposit of RMB20.0 million (31 December 2024: RMB20.0 million).

As at 30 June 2025, bank borrowings with principal amount of RMB86 million (31 December 2024: RMB86.0 million) are guaranteed by Jiangsu Wuzhong Jiaye Group Co., Ltd. (江蘇吳中嘉業集團有限公司) (“Wuzhong Jiaye”) and the Ultimate Shareholders (of which one of the Ultimate Shareholders has not provided any guarantee).

As at 30 June 2025, bank borrowings with principal amount of RMB68.0 million (31 December 2024: RMB70.0 million) are guaranteed by Wuzhong Group.

As at 30 June 2025, bank borrowings with principal amount of RMB20.0 million (31 December 2024: RMB20.0 million) are guaranteed by Suzhou Guofa Financing Guarantee Co., Ltd. and counter-guaranteed by Wuzhou Group and its two subsidiaries.

As at 30 June 2025, bank borrowing with principal amount of RMB10 million (31 December 2024: RMB10.0 million) is guaranteed by Jiangsu Jinchuang Financing Re-guarantee Co., Ltd.

- (c) As at 30 June 2025, borrowings from other companies bear a fixed interest rate ranging from 6.5% to 9.0% per annum (31 December 2024: from 6.5% to 9.0% per annum).
- (d) As at 30 June 2025, borrowings from micro-finance companies with principal amount of RMB40.0 million (31 December 2024: RMB95.0 million) are guaranteed by Wuzhong Jiaye.
- (e) As at 30 June 2025, borrowings from the Group’s employees bear a fixed interest rate ranging from 7.0% to 7.5% per annum (31 December 2024: from 7.5% to 8.0% per annum).
- (f) As at 30 June 2025, borrowings from one of the Ultimate Shareholders bear a fixed interest rate ranging from 7.0% to 7.5% per annum (31 December 2024: from 7.5% to 8.0% per annum).

28. OTHER CURRENT LIABILITIES

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Construction payables	—	14,899
Advances from transferee of financial assets	—	19,150
Advances on sales	487	13
Advances on consultancy fee income	—	450
Accrued employee benefits	2,351	5,686
Turnover tax and other tax payable	2,254	3,676
Resale agreement deposits	—	50,000
Notes payables	104,695	31,746
Other financial liabilities	11,741	13,978
	<u>121,528</u>	<u>139,598</u>

29. CONTINGENCIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: same).

30. COMMITMENTS

(a) Capital commitments in respect of private equity funds

	As at 30 June 2025 Unaudited	As at 31 December 2024 Audited
Suzhou Cibe Management Consulting Partnership (LP) ("Suzhou Cibe") (<i>note (a)</i>)	42,868	42,868
Suzhou Qianhui Tongcui Venture Capital Partnership (LP) ("Qianhui Tongcui") (<i>note (b)</i>)	10,000	10,000
Suzhou Kangli Junzhuo Digital Economy Industry Investment Fund Partnership (LP) ("Kangli Junzhuo") (<i>note (c)</i>)	<u>5,000</u>	<u>5,000</u>
	<u><u>57,868</u></u>	<u><u>57,868</u></u>

Notes:

- (a) The committed capital injection to Suzhou Cibe is RMB45.0 million, of which RMB42.9 million (31 December 2024: RMB42.9 million) has not been paid by the Group as at 30 June 2025.
- (b) The committed investment injection to Qianhui Tongcui is RMB20.0 million, of which RMB10.0 million (31 December 2024: RMB10.0 million) has not been paid by the Group as at 30 June 2025.
- (c) The committed investment injection to Kangli Junzhuo is RMB10.0 million, of which RMB5.0 million (31 December 2024: RMB5.0 million) has not been paid by the Group as at 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

With the goal of achieving nationwide business coverage, the Company has fully leveraged its status as a listed company in Hong Kong and its access to the international capital markets and implemented the dual strategy of “inclusive finance plus ecology finance”, striving to offer comprehensive financial services to small and medium enterprises (“SMEs”) and individual clients alike as well as offer quality and safe financial assets to investors and financial institutions. As our brand has been well recognized by the public with our stable asset quality and our continuously improved profitability, we have gradually developed into a company that offers comprehensive finance services.

During the Reporting Period, the external economic environment remained weak, market asset prices continued to decline, and the operating environment further deteriorated. Against this backdrop, the non-performing rate of business at bank-like financial institutions surged significantly. Local private financial institutions generally adopted a stance of contraction and wait-and-see. The Company’s business scale and risk prevention and control also faced huge challenges. In response, the Company adhered to the working principle of seeking progress while maintaining stability. The Company drove development through innovation and continuously optimized the business structure, strengthened risk control, and enhanced management efficiency. In the Inclusive Finance Business Division, the real estate backed loans focused on resolving existing loans and achieving breakthroughs in new business. A differentiated strategy was adopted to enhance market competitiveness. For unsecured loans, the Company prioritized quality and steadily developed equity interest backed loans for listed companies. The art investment business maintained a cautious development approach. In the Ecology Finance Business Division, the commercial factoring business maintained good development despite intensified market competition. The financial leasing business adjusted its business strategy in phases and made full efforts to resolve risky projects. The supply chain management business focused on secure revenue. The special asset investment business saw key projects safely exit one after another, with notable profit contributions.

1. BUSINESS REVIEW AND DEVELOPMENT

1.1 Inclusive Finance Business Division

The Inclusive Finance Business Division conducts its business through platforms such as Suzhou Wuzhong Pawnshop Co. Ltd.* (蘇州市吳中典當有限責任公司) (“**Wuzhong Pawnshop**”), Suzhou Dongshan Technology Microfinance Co., Ltd.* (蘇州市東山科技小額貸款有限公司) (“**Dongshan Micro-finance**”), Suzhou Huifang Rongtong SME Guided Turnover Loan Fund (Limited Partnership)* (蘇州匯方融通中小微企業轉貸引導基金合夥企業(有限合夥)) (“**Huifang Rongtong**”), Nanjing Yiling Culture and Art Co., Ltd.* (南京藝瓏文化藝術有限公司) (“**Nanjing Yiling**”) and Huifang Investment Limited* (匯方投資有限公司) (“**Huifang Investment**”). The division conducts pawnshop business, technology micro-finance business, turnover loan fund business, art investment business and overseas finance business by adhering to the concept of small-sums and dispersed inclusive finance. Major products under this division include secured loans (including real estate backed loans and movable property backed loans) and unsecured loans (including equity interest backed loans,

guaranteed loans and other unsecured loans), which focus on solving short-term liquidity needs of SMEs and individuals. The business of Inclusive Finance Business Division currently mainly covers Suzhou, Chengdu, Wuhan, Hefei, Changsha, Nanchang and Fuzhou, and is striving to become a leading service provider of inclusive finance in the PRC.

(a) Pawnshop Business

The following table sets out the details of total transaction amount, number and income of loans granted as of 30 June 2025:

	For the six months ended 30 June	
	2025	2024
Total number of new secured loans granted		
Total number of new real estate backed loans granted	91	243
Total number of new movable property backed loans granted	499	1,001
Total amount of new secured loans granted (RMB million)		
Total amount of new real estate backed loans granted	107	254
Total amount of new movable property backed loans granted	11	18
Balance of secured loans at the end of the Reporting Period (principal) (RMB million)		
Balance of real estate backed loans at the end of the Reporting Period (principal)	683	793
Balance of movable property backed loans at the end of the Reporting Period (principal)	175	173
Interest income of secured loans (RMB thousand)		
Interest income of real estate backed loans	16,596	54,830
Interest income of movable property backed loans	15,392	15,786
Total number of new unsecured loans granted	12	28
Total amount of new unsecured loans granted (RMB million)	286	374
Balance of unsecured loans at the end of the Reporting Period (principal) (RMB million)	482	436
Interest income of unsecured loans (RMB thousand)	44,310	10,175

The pawnshop business mainly relies on Wuzhong Pawnshop, Changsha Furong District Huifang Pawnshop Co., Ltd.* (長沙市芙蓉區匯方典當有限責任公司) (“**Changsha Pawnshop**”), Nanchang Huifang Pawnshop Co., Ltd.* (南昌市匯方典當有限責任公司) (“**Nanchang Pawnshop**”), Fuzhou Huifang Pawnshop Co., Ltd.* (福州市匯方典當有限責任公司) (“**Fuzhou Pawnshop**”) and Suzhou Huirong Culture and Art Co., Ltd.* (蘇州匯融文化藝術有限公司) (“**Huirong Culture and Art**”) as entities to carry out its business. Wuzhong Pawnshop, established in 1999 with a registered capital of RMB1,000 million, is an indirect wholly-owned subsidiary of the Company by virtue of the series of contractual arrangements entered into by Suzhou Huifang Tongda Information Technology Co., Ltd.* (蘇州匯方同達信息科技有限公司) (“**Huifang Tongda**”), Suzhou Huifang Technology Co. Ltd.* (蘇州匯方科技有限公司) (“**Huifang Technology**”), Wuzhong Pawnshop, Jiangsu Wuzhong Jiaye Group Co., Ltd.* (江蘇吳中嘉業集團有限公司) (“**Wuzhong Jiaye**”), Suzhou Xinqu Hengyue Management Consulting Co., Ltd.* (蘇州新區恆悅管理諮詢有限公司) and the Ultimate Shareholders. Wuzhong Pawnshop is one of the largest pawnshop in Mainland China. Changsha Pawnshop, established in 2021 with a registered capital of RMB50 million, is an indirect wholly-owned subsidiary of the Company. Nanchang Pawnshop, established in 2022 with a registered capital of RMB30 million, is an indirect non-wholly owned subsidiary of the Company. The Company holds 90% of the equity interests of Nanchang Pawnshop. Fuzhou Pawnshop, established in 2023 with a registered capital of RMB30 million, is an indirect wholly-owned subsidiary of the Company. Huirong Culture and Art, established in 2022 with a registered capital of RMB1 million, is an indirect wholly-owned subsidiary of the Company.

The pawnshop business primarily engages in secured loan and unsecured loan businesses. Secured loans business mainly includes real estate backed loans and movable property backed loans.

① Real Estate Backed Loans

Real estate backed loans primarily provide personal or corporate financing services to customers who have obtained real estate certificates. Business risks are comprehensively assessed based on customer credit status, real estate value, customer industry analysis and solvency, etc. The loan amount does not exceed 80% of the total evaluation price. The interest rates range from 12% to 24% per annum and the loan term is no longer than 1 year. The operation area is mainly in core urban areas of Suzhou, Chengdu, Wuhan, Hefei, Changsha, Nanchang, Fuzhou and other cities in the PRC. The target customers are mainly distributed across manufacturing, beverage, retail, trade and other industries. As of 30 June 2025, the total number of customers was 435, among which, the total number of individual customers was 416 and the total number of corporate customers was 19. The five largest customers contributed, in aggregate, 46.97% of the balance of real estate backed loans at the end of the Reporting Period (principal). As one of the core products of the Inclusive Finance Business Division, secured loans have high-quality customer resources and have maintained a sound and steady trend of development.

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the interest income of real estate backed loans granted by the Company were RMB683 million and RMB16,596 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was the decline in ordinary residential property prices and intensified market competition, which led to a reduction in business scale and an increase in loans under legal proceedings.

The main risks and uncertainties faced by the real estate backed loans include real estate value fluctuation risk, regulatory policy change risk, credit policy change risk, liquidity risk and credit risk, etc.

For the first half of 2025, the Company focused on resolving existing issues and achieving breakthroughs in new business, adopting differentiated strategies to enhance market competitiveness. The development direction of the real estate backed loans in the future is to pay close attention to the asset value fluctuation, actively adjust business strategies, identify high-quality assets that can withstand cyclical fluctuations, and enrich the product offerings in various operation areas.

② Movable Property Backed Loans

The movable property backed loans mainly provide fast movable property backed financing services to individuals, and the product categories cover artworks, gold, jewelry, vehicles, watches and luxury goods, etc. The loan amount does not exceed 95% of the total evaluation price. The interest rates and comprehensive rates range from 6% to 36% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou, Nanjing and Nanchang. The businesses in Chengdu, Wuhan, Hefei, Changsha and other cities are also gradually expanding. The target customers are mainly distributed across manufacturing, agriculture, retail and other industries. As of 30 June 2025, the total number of customers was 698, and the five largest customers contributed, in aggregate, 78.51% of the balance of movable property backed loans at the end of the Reporting Period (principal).

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the interest income of movable property backed loans granted by the Company were RMB175 million and RMB15,392 thousand, respectively, and remained relatively stable as compared with the corresponding period of last year.

The main risks and uncertainties faced by the movable property backed loans include collateral appraisal risk, collateral valuation risk, regulatory policy change risk and credit risk, etc.

For the first half of 2025, the movable property backed loans business maintained a robust growth trend, with digital marketing achieving good results. The development direction of the movable property backed loans in the future is to actively develop and serve existing customers, closely monitor the price trends in the art market, and in accordance with the historical pattern that “antiques thrive in prosperous times, while gold is sought in chaotic times,” prudently reduce the scale of the artworks pawnshop loans.

③ Unsecured loans

The unsecured loans mainly provide equity financing services for SMEs and individuals. Business risks are comprehensively assessed based on the enterprise operation, financial conditions, industry development and debt repayment ability, etc. The loan amount does not exceed 50% of the total equity evaluation price. The interest rates range from 5% to 18% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, construction, investment and other industries. As of 30 June 2025, the total number of customers was 28, among which, the total number of individual customers was 22 and the total number of corporate customers was 6. The five largest customers contributed, in aggregate, 45.61% of the balance of unsecured loans at the end of the Reporting Period (principal).

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the interest income of unsecured loans granted by the Company were RMB482 million and RMB44,310 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was that the equity interest backed loans for listed companies led to an increase in business scale.

The main risks and uncertainties faced by the unsecured loans include regulatory policy change risk, credit policy change risk, credit risk and liquidity risk, etc.

For the first half of 2025, the Company adhered to a quality-first approach and steadily developed equity interest backed loans for listed companies. The development direction of the unsecured loans in the future is to gradually reduce the balance of existing business. In line with the trend of the secondary market, efforts will be made to expand the scale of the equity interest backed loans for listed companies.

For the pawnshop business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and ensures implementation of the operational risk and non-performing loan accountability mechanism. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(b) *Technology Micro-finance business*

The following table sets out the details of total new loans secured by real estate, guaranteed loans and credit loans as of 30 June 2025:

	For the six months ended	
	30 June	
	2025	2024
Total number of new loans granted	36	55
Total amount of new loans granted (RMB million)	151	427
Balance at the end of the Reporting Period (principal)		
(RMB million)	495	547
Interest income (RMB thousand)	<u>22,144</u>	<u>24,499</u>

The technology micro-finance business mainly relies on Dongshan Micro-finance as the entity to carry out its business. Dongshan Micro-finance, established in 2012 with a registered capital of RMB300 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and Suzhou Wuzhong District Dongshan Town Collective Assets Management Co., Ltd.* (蘇州市吳中區東山鎮集體資產經營公司) and other entities. The Company holds 70% of the equity interests of Dongshan Micro-finance. Dongshan Micro-finance is also one of the few micro-finance companies rated “A” in Jiangsu Province, PRC.

Dongshan Micro-finance primarily engages in providing small loans and financial services such as finance guarantee for SMEs and individuals. Loans mainly include secured loans, guaranteed loans and credit loans.

Business risks of secured loans are comprehensively assessed based on the Company’s credit status, collateral value, industry analysis and cash flow, etc. The loan amount does not exceed 75% of the total evaluation price. The interest rates range from 10% to 18% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, beverage, service and other industries. As of 30 June 2025, the balance at the end of the Reporting Period (principal) of the secured loans was RMB299 million. As of 30 June 2025, the total number of customers was 62, among which, the total number of individual customers was 53 and the total number of corporate customers was 9. The five largest customers contributed, in aggregate, 48.10% of the balance of secured loans at the end of the Reporting Period (principal).

Business risks of guaranteed loans are comprehensively assessed based on the company’s operating conditions, financial situation and industry development, etc. The interest rates range from 10% to 18% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, trade, investment and other industries. As of 30 June 2025, the balance at the end of the Reporting Period (principal) of the guaranteed loans was RMB71 million. As of 30 June 2025, the total number of customers was 23, among which, the total number of individual customers was 12 and the total number of corporate customers was 11. The five largest customers contributed, in aggregate, 60.21% of the balance of guaranteed loans at the end of the Reporting Period (principal).

Business risks of credit loans are comprehensively assessed based on the individual’s or company’s credit status, enterprise operation, asset conditions and solvency, etc. The interest rates range from 8% to 15% per annum and the loan term is within 1 year. The operation area is mainly in Suzhou. The target customers are mainly distributed in trade, gardening, investment and other industries. As of 30 June 2025, the balance at the end of the Reporting Period (principal) of the credit loans was RMB125 million. As of 30 June 2025, the total number of customers was 9, among which, the total number of individual

customers was 1 and the total number of corporate customers was 8. The five largest customers contributed, in aggregate, 57.42% of the balance of credit loans at the end of the Reporting Period (principal).

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the interest income of technology micro-finance business were RMB495 million and RMB22,144 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was the intensified market competition, which increased the difficulty of business expansion and led to a reduction in business scale.

The main risks and uncertainties faced by the technology micro-finance business include real estate valuation risk, credit risk, regulatory policy change risk, credit policy change risk and liquidity risk, etc.

For the first half of 2025, Dongshan Micro-finance adjusted its business strategy, focusing on providing liquidity support for large-sums and stable assets and strengthening business cooperation with state-owned micro-finance companies. The development direction of technology micro-finance business in the future is to intensify the service to technology-based and low-carbon SMEs by utilizing the advantages of conducting business in Jiangsu Province, PRC and fulfill the social responsibility of inclusive finance to promote regional economic development on the basis of bringing stable dividends to shareholders.

For the technology micro-finance business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(c) *Turnover Loan Fund Business*

The following table sets out the details of total new loans granted to SMEs and individuals under our turnover loan fund business as of 30 June 2025:

	For the six months ended 30 June	
	2025	2024
Total number of new loans granted	277	630
Total amount of new loans granted (RMB million)	1,084	2,360
Balance at the end of the Reporting Period (principal) (RMB million)	2	12
Interest income (RMB thousand)	<u>1,179</u>	<u>2,684</u>

The turnover loan fund business mainly relies on Huifang Rongtong as the entity to carry out its business. Huifang Rongtong, established in 2017 with a registered capital of RMB35 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and Suzhou Wuzhong Financial Investment Service Co., Ltd* (蘇州市吳中金融招商服務有限公司), a company owned by the Wuzhong District Government in Suzhou of Jiangsu Province, PRC. The Company holds 57.14% of the equity interests of Huifang Rongtong. Such government-enterprise cooperation turnover loan fund is scarce in Suzhou and even Jiangsu Province, PRC.

The turnover loan fund business serves as a bridge between banking institutions and SMEs. It focuses on serving SMEs and local government platforms with the needs of turnover loans. Business risks are comprehensively assessed based on the company's credit status, enterprise operation, financial conditions and bank credit conditions, etc. The interest rates range from 10.8% to 13.4% per annum and the loan terms range from 1 day to 30 days. The operation area is mainly in Suzhou. The target customers are mainly distributed in manufacturing, construction, trade and other industries. As of 30 June 2025, the total number of new loan customers granted was 260, and the five largest customers contributed, in aggregate, 21.57% of the total new loan amount granted.

As of 30 June 2025, the total amount of new loans granted and the interest income of turnover loan fund business were RMB1,084 million and RMB1,179 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was the introduction of banks' principal-free rollover loan services, which led to a significant decrease in the demand for the turnover loan fund business. Meanwhile, in response to regulatory requirements, the Company strictly charged interest at four times the Loan Prime Rate, resulting in a decline in interest income.

The main risks and uncertainties faced by the turnover loan fund business include regulatory policy change risk and credit risk, etc.

For the first half of 2025, Huifang Rongtong actively reduced operating costs and management expenses, improved the efficiency of fund utilization, and with a sound business strategy and a spirit of teamwork, jointly met the challenges of the time. The development direction of turnover loan fund business in the future is to adhere to the customer acquisition scenario of the turnover loan fund business and support turnover loan needs of SMEs to achieve the social value of inclusive financial services for enterprises.

For the turnover loan fund business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(d) Art Investment Business

The following table sets out the operating information of the art investment business as of 30 June 2025:

	For the six months ended	
	30 June	
	2025	2024
Total number of artworks trading stock at the end of the Reporting Period	10	11
Total amount of artworks trading stock at the end of the Reporting Period (RMB million)	114	133
Artworks business income (RMB thousand)	<u>7,700</u>	<u>9,148</u>

The art investment business mainly relies on Nanjing Yiling and Suzhou Huifang Ruiqian Culture and Art Co., Ltd.* (蘇州匯方睿仟文化藝術有限公司) (“**Ruiqian Culture**”) as the entities to carry out its business. Nanjing Yiling, established in 2021 with a registered capital of RMB55 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and Nanjing Yili Culture Development Co., Ltd.* (南京藝力文化發展有限公司). The Company holds 55% of the equity interests of

Nanjing Yiling. Nanjing Yiling conducts artwork investment, artwork custody, artwork disposal and other businesses. Ruiqian Culture, established in 2024 with a registered capital of RMB10 million, is an indirect wholly-owned subsidiary of the Company.

The art investment business covers all categories of artworks, including Chinese modern painting and calligraphy, international contemporary painting and calligraphy, ancient antiques and sculptures. Its business covers the whole of Mainland China. The target customers are mainly major auction companies and well-known domestic collectors.

As of 30 June 2025, the total amount of artworks trading stock at the end of the Reporting Period and the artworks business income of art investment business were RMB114 million and RMB7,700 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was that the Company moderately shrank the scale of art investment business due to the decrease in the transaction volume and price of art auctions resulting from the economic downturn.

The main risks and uncertainties faced by art investment business include regulatory policy change risk, artworks valuation risk, artworks transportation and storage risk, credit risk, liquidity risk, art market systemic risk, etc.

For the first half of 2025, the art investment business focused on industry trends, concentrated on serving and maintaining existing customers, actively assisted customers in auctioning and disposing of artworks, and moderately reduced the scale of transactions. The development direction of art investment business in the future is to strive to build a comprehensive system that serves the entire art industry, and develop Nanjing Yiling into a well-known comprehensive art service organization in the Mainland China, covering art investment, art appraisal and storage, art auction agency, art exhibition and other services.

(e) Overseas Finance Business

The following table sets out the operating information of the overseas finance business as of 30 June 2025:

	For the six months ended	
	30 June	
	2025	2024
Total number of new loan granted	1	1
Total new loan amount granted (HK\$ million)	20	20
Balance at the end of the Reporting Period (principal)		
(HK\$ million)	20	23
Interest income (HK\$ thousand)	<u>545</u>	<u>724</u>

The overseas finance business mainly relies on Huifang Investment as the entity to carry out its business. Huifang Investment, established in 2011, is an indirect wholly-owned subsidiary of the Company and obtained a money lender's license with license No. MLR5279 in Hong Kong in January 2019.

The overseas finance business mainly involves guaranteed loans. Business risks of guaranteed loans are comprehensively assessed based on enterprise operation, financial conditions and industry development, etc. The interest rate is 6% per annum and the loan term is 12 months. The operation area is mainly in Hong Kong. The target customers are mainly local companies in Hong Kong. It mainly conducts business in cooperation with local licensed money lenders in Hong Kong at present.

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the interest income of overseas finance business were HK\$20 million and HK\$545 thousand, respectively, representing a decrease as compared with the corresponding period of last year. The main reason was that, in order to control operating risks, the Company requested certain customers to repay their loan principal and proactively reduced the loan balances.

The main risks and uncertainties faced by overseas finance business include the risk of changes in the international political and economic situation and the risk of exchange rate fluctuations, etc.

For the first half of 2025, the overseas finance business closely monitored changes in corporate operations, and proactively reduced the loan balances. The development direction of overseas finance business in the future is to seek for development opportunities in the fields of pawnshops and digital assets in more overseas countries and regions such as Southeast Asia.

1.2 Ecology Finance Business Division

The Ecology Finance Business Division conducts its business through platforms such as Suzhou Huida Commercial Factoring Company Limited* (蘇州匯達商業保理有限公司) (“**Huida Factoring**”), Huifang Financial Leasing, Suzhou Huifang Financial Leasing Co., Ltd.* (蘇州匯方融資租賃有限公司) (“**Huifang Financial Leasing**”), Suzhou Huifang Supply Chain Management Co., Ltd.* (蘇州市匯方供應鏈管理有限公司) (“**Huifang Supply Chain**”), Suzhou Huifang Rongcui Management Consulting Co., Ltd.* (蘇州匯方融萃企業管理諮詢有限公司) (“**Huifang Rongcui**”), Qingdao Wanchen Buliang Property Company Limited* (青島萬宸不良資產處置有限公司) (“**Qingdao Wanchen**”) and Suzhou Huifang Anda Insurance Agency Company Limited* (蘇州匯方安達保險代理有限公司) (“**Huifang Anda**”, formerly named as Nanjing Shun'an Insurance Agency Company Limited* (南京舜安保險代理有限公司)), adhering to the innovation of finance concept. It attaches great

importance to the internal and external resources to develop commercial factoring business, financial leasing business, supply chain management business, equity investment business, special assets investment business and insurance brokerage business.

(a) Commercial Factoring Business

The following table sets out the operating information of the commercial factoring business as of 30 June 2025:

	For the six months ended	
	30 June	
	2025	2024
Total number of new transaction relating to account receivables assignment	6	10
Total amount of new transaction relating to account receivables assignment (RMB million)	120	98
Balance at the end of the Reporting Period (principal) (RMB million)	460	421
Interest income (RMB thousand)	16,249	18,208
Service fee income (RMB thousand)	<u>2,249</u>	<u>2,938</u>

The commercial factoring business mainly relies on Huida Factoring as the entity to carry out its business. Huida Factoring, established in 2016 with a registered capital of RMB170 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and three other state-owned and collective capital companies: Suzhou Wuzhong Gaoxin Entrepreneurship Service Co., Ltd.* (蘇州吳中高新創業服務有限公司), Suzhou Dongfang Venture Investment Co., Ltd.* (蘇州東方創業投資有限公司) and Suzhou Wuzhong City Construction Investment Development Co., Ltd.* (蘇州市吳中城市建設投資發展有限公司). The Company holds 52.94% of the equity interests in Huida Factoring.

Huida Factoring is principally engaged in accepting assignment of account receivable from SMEs and installment of account receivables. Commercial factoring business evaluates business risks by comprehensively analyzing enterprise operation, financial conditions, receivables and industry development factors based on customers' credit status. The loan amount does not exceed 80% of the total amount of receivables. The interest rates range from 6% to 12% per annum and the loan term is within 4 years. The operation area is mainly in Suzhou. The target customers are mainly distributed in construction, manufacturing and other industries. As of 30 June 2025, the total number of customers was 17, and the five largest customers contributed, in aggregate, 58.21% of the balance at the end of the Reporting Period (principal).

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the income of Huida Factoring were RMB460 million and RMB18,498 thousand, respectively, representing an increase in the balance, whereas the interest income decreased as compared with the corresponding period of last year. The main reason was that, in response to overdue business, the Company actively took measures to pursue loan recovery. As a result, some overdue business entered the litigation stage, which temporarily affected interest income.

The main risks and uncertainties faced by commercial factoring business include debtor credit risk, receivable risk, trade fraud risk and regulatory policy change risk, etc.

For the first half of 2025, against the backdrop of intensified market competition, the commercial factoring business continued to focus on government engineering factoring as the main track, maintaining good resilience in development. The development direction of commercial factoring business in the future is to pay attention to the payment status of local government accounts payable, dynamically adjust business scale, attach importance to promoting financing in more dimensions, and build a rich and diversified product system.

For the commercial factoring business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(b) Financial Leasing Business

The following table sets out the operating information of the financial leasing business as of 30 June 2025:

	For the six months ended 30 June	
	2025	2024
Total number of new transaction relating to financial leasing	6	5
Total amount of new transaction relating to financial leasing (RMB million)	90	29
Balance at the end of the Reporting Period (principal) (RMB million)	135	109
Interest income (RMB thousand)	5,674	4,531
Service fee income (RMB thousand)	472	241

The financial leasing business mainly relies on Huifang Financial Leasing as the entity to carry out its business. Huifang Financial Leasing, established in 2023 with a registered capital of RMB170 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company, Suzhou Shengzhuang Food Co., Ltd.* (蘇州聖莊食品有限公司) and Suzhou Tianyi Knitwear Co., Ltd.* (蘇州天衣針織品有限公司). The Company holds 70% of the equity interests in Huifang Financial Leasing.

Huifang Financial Leasing primarily offers two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to the customers. Financial leasing business evaluates business risks by comprehensively analyzing customer's industry and reputation, existing debt position, operating cash flows and the projected cash flows generated from the lease asset. The interest rates range from 7.8% to 13% per annum and the finance lease term is within 3 years. The operation area is mainly in Suzhou. The target customers are mainly distributed in advanced manufacturing and other industries. As of 30 June 2025, the total number of customers was 22, and the five largest customers contributed, in aggregate, 60.57% of the balance at the end of the Reporting Period (principal).

As of 30 June 2025, the balance at the end of the Reporting Period (principal) and the interest income of Huifang Financial Leasing were RMB135 million and RMB5,674 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was the continuous optimization of the business structure and the steady expansion of the business scale.

The main risks and uncertainties faced by financial leasing business include lease asset risk, customer operation risk, customer high asset liability ratio risk and regulatory policy change risk, etc.

For the first half of 2025, Huifang Financial Leasing made phased adjustments to its business approach and made every effort to resolve risky projects. The development direction of financial leasing business in the future is to focus on advanced manufacturing, healthcare and public utilities, with high technology and strong guarantees as key factors, and to explore opportunities for direct finance leasing business to support industrial transformation and upgrading.

For the financial leasing business, the Company adopts comprehensive internal control measures. The pre-loan measures are mainly to implement the policy of separating the process of checking and actual lending and the policy of graded examination and approval. These measures require that the responsibilities of each approval function be clarified, and the operational risk and non-performing loan accountability mechanism be implemented. The post-loan measures are mainly to implement post-loan management, post-event supervision, and compliance monitoring and management systems. These measures require real-time monitoring and management of business processes and risks, quarterly post-loan inspections for each product, and special inspections from time to time. The measures for overdue business are mainly to implement procedures in strict accordance with the post-loan management measures. The management system will give an early warning notice before the expiration of each business, and the operating unit will report to the risk control department in a timely manner and report the disposal plan at the same time to ensure asset quality.

(c) Supply Chain Management Business

The following table sets out the operating information of the supply chain management business as of 30 June 2025:

	For the six months ended	
	30 June	
	2025	2024
Total transaction number	747	643
Total transaction number of grain and oil	146	121
Total transaction number of fresh produce	463	385
Total transaction number of other goods	138	135
Sales income (RMB thousand)	198,171	183,556
Sales income of grain and oil	161,206	168,989
Sales income of fresh produce	35,726	7,230
Sales income of other goods	<u>1,239</u>	<u>1,347</u>

The supply chain management business mainly relies on Huifang Supply Chain, Jiangsu Zhongli Communication Technology Co., Ltd.* (江蘇仲利通信科技有限公司) (“Zhongli Communication”, formerly named as Suzhou Huifang Rongda Internet Technology Company Limited* (蘇州匯方融達網路科技有限公司)) and Sichuan Huida Dingchen Technology Co., Ltd* (四川匯達鼎宸科技有限公司) (“**Huida Dingchen**”, formerly named as Sichuan Aomeishu Technology Co., Ltd* (四川奧美殊科技有限公司)) as entities to carry out its business. Huifang Supply Chain, established in 2018 with a registered capital of RMB400 million, is an indirect wholly-owned subsidiary of the Company. Zhongli Communication, established in 2015 with a registered capital of RMB50 million, is an indirect wholly-owned subsidiary of the Company. Huida Dingchen, established in 2015 with a registered capital of RMB20 million, is an indirect wholly-owned subsidiary of the Company. The supply chain management business was committed to focus on new supply chain scenarios mainly for grain and oil, fresh produce and other consumer goods fields. Currently, the supply chain management business has cooperated with COFCO Corporation* (中糧集團有限公司), Yihai Kerry Arawana Holdings Co., Ltd* (益海嘉里金龍魚糧油食品股份有限公司) and many other well-known enterprises. For the year ended 30 June 2025, the five largest suppliers accounted for approximately 97.64% of the supply chain management business’s total purchases while the largest supplier accounted for approximately 80.91% of the supply chain management business’s total purchases.

As of 30 June 2025, the total transaction number of supply chain management business and the sales income were 747 and RMB198,171 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was that the Company promptly optimized and adjusted its business structure, resulting in an increase in sales revenue from fresh produce such as rice and pork.

As of 30 June 2025, there was no billed trade payable from the supply chain management business based on invoice date.

The main risks and uncertainties faced by supply chain management business include inventory depreciation risk, compliance and operational risk, cargo transportation risk, cargo custody risk and customer default risk, etc.

For the first half of 2025, Huifang Supply Chain focused on secure revenue and steadily advanced projects in grain and oil, white liquor, and fresh produce. The development direction of supply chain management business in the future is to actively expand partnerships with high-quality partners, establish long-term and large-volume supply chain cooperation, and play a role in contributing to revenue.

(d) Equity Investment Business

The following table sets out the operating information of the equity investment business as of 30 June 2025:

	For the six months ended 30 June	
	2025	2024
Total transaction number of new investment	0	0
Total transaction amount of new investment (principal) (RMB million)	0	0
Balance of investment at the end of the Reporting Period (principal) (RMB million)	79	81
Investment income (RMB thousand)	<u>6</u>	<u>(3)</u>

The equity investment business mainly relies on Huifang Rongcui and Suzhou Huifang Tongcui Business Management Consulting Partnership (Limited Partnership)* (蘇州匯方同萃企業管理諮詢合夥企業(有限合夥)) (“**Huifang Tongcui**”) as entities to carry out its business. Huifang Rongcui, established in 2021 with a registered capital of RMB100 million, is an indirect non-wholly owned subsidiary of the Company. The Company holds 90% of the equity interests in Huifang Rongcui. Huifang Tongcui, established in 2022 with a registered capital of RMB20 million, is an indirect non-wholly owned subsidiary of the Company. The Company holds 60% of the equity interests in Huifang Tongcui. Aiming at creating a business pattern of coordinated development of creditor’s rights and equity, the equity investment business cooperates with senior equity investment institutions based on national policy guidance. Investment areas mainly cover advanced manufacturing, semiconductor, new energy, biomedicine and other strategic emerging industries.

The main risks and uncertainties faced by equity investment business include the risk of business deterioration of the invested enterprise, the risk of regulatory policy changes, the systematic risk of financial market and contract risk, etc.

As of 30 June 2025, Huifang Rongcui cooperated with six senior equity investment institutions, intended investment being RMB75 million, with actual investment of RMB70 million. In addition, in order to develop the financial advisory business in the primary or secondary markets and form a linkage with existing equity investment business, Huifang Rongcui invested in Ningbo Gaoliu Xiyu Management Consulting Co., Ltd.* (寧波高流熙域管理諮詢有限公司) with actual investment of RMB3 million, representing 15% of the equity interest.

In 2022, Huifang Tongcui has reached a cooperation intention with Suzhou Qianhui Zhitou Investment Management Co., Ltd* (蘇州乾匯智投資本管理有限公司) (“**Qianhui Investment**”), and set up Suzhou Qianhui Tongcui Venture Capital Partnership (LP)* (蘇州乾匯同萃創業投資合夥企業(有限合夥)) (“**Qianhui Tongcui**”) in a double general partners cooperation model. Huifang Tongcui and Qianhui Investment act as executive partners to Qianhui Tongcui, and Qianhui Investment acts as a manager to Qianhui Tongcui. The planned assets under management of Qianhui Tongcui is approximately RMB200 million and the subscribed assets under management of Qianhui Tongcui is RMB42 million. The investment period is 7 years. As of 30 June 2025, Huifang Tongcui intended to invest RMB20 million in Qianhui Tongcui and the actual investment was RMB10 million.

As of 30 June 2025, the balance of investment at the end of the Reporting Period (principal) and the investment income were RMB79 million and RMB6 thousand, respectively. The investment income was mainly due to the dividends or exits of some underlying investment projects.

For the first half of 2025, with the tightening of initial public offerings regulations by the government, the exit channels for primary market investments were restricted and the equity investment encountered a cold market. Under this context, the Company adhered to a prudent and stable investment strategy, with an increased focus on the safety of assets. The development direction of equity investment business in the future is to pay attention to the policy trends in the equity investment market, prudently invest in new projects, attach importance to post investment management, and urge managers to accelerate project exits through means such as the transfer of existing shares, negotiated repurchases, and mergers and acquisitions.

(e) Special Asset Investment Business

The following table sets out the operating information of the special asset investment business as of 30 June 2025:

	For the six months ended	
	30 June	
	2025	2024
Total transaction number of new investment	—	1
Total transaction amount of new investment (RMB million)	—	88
Balance of investment at the end of the Reporting Period (RMB million)	—	306
Interest income (RMB thousand)	<u>3,351</u>	<u>16,524</u>

The special asset investment business mainly relies on Qingdao Wanchen as entity to carry out its business. Qingdao Wanchen, established in 2019 with a registered capital of RMB10 million, is an indirect wholly-owned subsidiary of the Company.

Special asset investment business makes full use of the Company's industry position and resources of licensed asset management companies and banks to carry out special asset acquisition, disposal and operation. Special asset investment business mainly targets potential special assets such as commercial real estate, industrial real estate and residential real estate, as well as unsecured credit debts attached to the above-mentioned assets.

On 17 August 2023, the Group entered into the agreements with Suzhou Qingdong Hotel Management Limited* (蘇州慶東酒店管理有限公司) (“**Suzhou Qingdong**”) in relation to the acquisition and the disposal of Suzhou Guangda Education Technology Development Company Limited* (蘇州市廣大教育科技發展有限公司) (“**Guangda Education**”). As of 30 June 2025, the Company successfully disposed of Guangda Education.

On 11 October 2024, the Group acquired the property which comprises two buildings and the corresponding parcel of land located at No. 100 and Building 1, No. 100 Nanhu Road, Wuzhong District, Suzhou, the PRC (“**Hongzhuang Commercial Property**”) by way of the auction. On 16 December 2024, the Group entered into a pre-acquisition agreement with Suzhou Xinwei Enterprise Management Company Limited* (蘇州新威企業管理有限公司) (“**Suzhou Xinwei**”) in relation to the disposal of the Hongzhuang Commercial Property. As of 30 June 2025, the Company successfully disposed of the Hongzhuang Commercial Property.

As of 30 June 2025, the balance of investment at the end of the Reporting Period was RMB2 million, representing a decrease as compared with the corresponding period of last year. The main reason was that the two key projects, Guangda Education and the Hongzhuang Commercial Property, were both successfully exited during the Reporting Period. As of 30 June 2025, the interest income was RMB3,351 thousand. The main reason was that the income generated from the acquisition and the disposal of Guangda Education was transferred from interest income to other operating income.

The main risks and uncertainties faced by special asset investment business include asset valuation risk, liquidity risk, operational risk, real estate value fluctuation risk and credit risk, etc.

For the first half of 2025, the special asset investment business saw the two key projects, Guangda Education and the Hongzhuang Commercial Project, safely exit one after another, contributing significantly to profits. The development direction of special asset investment business in the future is to actively seek potential investment opportunities,

dispose of debts by means of bankruptcy and pre-restructuring, and build a deep cooperation network between the upstream asset, the middle capital and the downstream disposal.

(f) Insurance Brokerage Business

The following table sets out the operating information of the insurance brokerage business as of 30 June 2025:

	For the six months ended 30 June	
	2025	2024
Total transaction number	746	37
Commission fee income (RMB thousand)	<u>173</u>	<u>127</u>

The insurance brokerage business mainly relies on Huifang Anda as the entity to carry out its business. Huifang Anda, established in 2004 with a registered capital of RMB2.4 million, is an indirect non-wholly owned subsidiary of the Company and is jointly established by the Company and state-owned capital Suzhou Wuzhong Financial Investment Service Co., Ltd* (蘇州市吳中金融招商服務有限公司) and other institutions. The Company holds 65% of the equity interests of Huifang Anda.

The insurance brokerage business actively integrates the resources of the government and insurance companies, with the aim of providing credit, responsibility, professionalism and compliance with regulations, and align with the business development direction of large private enterprises, governments, state-funded platforms and foreign-funded enterprises. The scope of insurance agency covers property insurance, credit guarantee insurance, liability insurance and life insurance, etc.

As of 30 June 2025, the total transaction number and commission fee income of insurance brokerage business transactions were 746 and RMB173 thousand, respectively, representing an increase as compared with the corresponding period of last year. The main reason was that the Company made every effort to expand new business, and various types of insurance brokerage business, including personal accident insurance, home property insurance, and liability insurance, all achieved growth to varying degrees.

The main risks and uncertainties faced by insurance brokerage business include the risk of government policy changes and contract risks, etc.

For the first half of 2025, the insurance brokerage business strengthened external cooperation and actively developed innovative insurance products. The development direction of insurance brokerage business in the future is to strive to implement new coinsurance consortium partnerships, explore opportunities in sectors such as healthcare and education, and introduce competitive agent teams.

2. FINANCIAL REVIEW

2.1 Overall Financial Data

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Operating Results		
Operating income	345,814	351,380
Net operating income	84,206	100,522
Net assets	2,201,364	2,202,689
General and administrative expenses	34,540	43,179
Income tax expense	9,536	14,582
Profit attributable to owners of the Company	32,762	30,609
Basic earnings per share (RMB)	<u>0.030</u>	<u>0.028</u>

As of 30 June 2025, the operating income amounted to RMB345,814 thousand, representing a decrease as compared with the corresponding period of last year. The main reason was that, affected by the combined external factors of macro-economic environment adjustment, real-estate industry fluctuations, and changes in credit policies, the scale of the Company's loan business represented by real-estate-backed loans has shrunk, resulting in a fall in interest income. As of 30 June 2025, the profit attributable to owners of the Company amounted to RMB32,762 thousand, representing an increase as compared with the corresponding period of last year. The main reason was that despite the decrease in profit for the period, the reduction in the proportion of non-controlling interests led to an increase in profit attributable to owners of the Company.

2.2 Financial Analysis on Two Principal Business Divisions

2.2.1 Inclusive Finance Business Division

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Operating income	107,945	117,293
Operating cost	(7,386)	(10,512)
Other non-operating losses	<u>(77,337)</u>	<u>(59,959)</u>
Profit before tax	<u>23,222</u>	<u>46,822</u>

As of 30 June 2025, the operating income amounted to RMB107,945 thousand, representing a decrease as compared with the corresponding period of last year. The main reason was the slowdown in economic growth, coupled with the reduction of the Loan Prime Rate in the PRC. In this low-interest environment, customers shifted towards bank financing. As a result, loans to customers decreased, leading to a decline in operating income. As of 30 June 2025, the profit before tax amounted to RMB23,222 thousand, representing a decrease as compared with the corresponding period of last year. This was mainly due to the decrease in operating income caused by the factors set out above and the increase in credit impairment losses caused by the macroeconomic downturn and the deterioration in the financial conditions of many customers.

2.2.2 Ecology Finance Business Division

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Operating income	230,894	227,298
Operating cost	(207,074)	(194,963)
Other non-operating losses	<u>(12,094)</u>	<u>(8,690)</u>
Profit before tax	<u>11,726</u>	<u>23,645</u>

As of 30 June 2025, the operating income amounted to RMB230,894 thousand, representing an increase as compared with the corresponding period of last year. The main reason was the increase in sales of goods from the supply chain management business. As of 30 June 2025, the profit before tax amounted to RMB11,726 thousand,

representing a decrease as compared with the corresponding period of last year. The main reason was that, due to the reallocation of resources by the headquarters, some of the operating income from the special asset management business was transferred to the headquarters and others.

2.2.3 Headquarters and Others

	For the six months ended	
	30 June	
	2025	2024
	RMB'000	RMB'000
Operating income	40,016	10,972
Operating cost	(10,663)	(10,165)
Other non-operating loss	<u>(14,761)</u>	<u>(14,117)</u>
Profit/(losses) before tax	<u>14,592</u>	<u>(13,310)</u>

As the core of the Group's progress and development, the headquarters has undertaken the service functions of investment management, risk prevention and control, scientific and technological support, logistics support, etc. In recent years, it has been committed to lowering costs and increasing efficiency. In the future, it will continue to promote refined management to increase income and reduce expenditure.

As of 30 June 2025, the operating income amounted to RMB40,016 thousand, representing an increase as compared with the corresponding period of last year. The main reason was that, due to the reallocation of resources by the headquarters, some of the operating income from the special asset management business was transferred to the headquarters and others. As of 30 June 2025, the profit before tax was RMB14,592 thousand, representing an increase as compared with the corresponding period of last year. The main reason was the increase in revenue attributed to the factors set out above.

3. CREDIT RISK

3.1 Loan Classification and Impairment Allowances

The following table contains an analysis of the credit risk exposure of financial assets for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

	As at 30 June 2025				As at 31 December 2024
	ECL staging				
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000	Total RMB'000
Loans to customers					
Secured loans to customers (note (a))	660,930	25,296	936,584	1,622,810	1,874,525
Unsecured loans to customers (note (b))	<u>1,064,632</u>	<u>100,872</u>	<u>239,102</u>	<u>1,404,606</u>	<u>1,469,214</u>
Gross carrying amount	1,725,562	126,168	1,175,686	3,027,416	3,343,739
ECL allowances	<u>(29,444)</u>	<u>(6,145)</u>	<u>(616,784)</u>	<u>(652,373)</u>	<u>(825,753)</u>
Carrying amount	<u>1,696,118</u>	<u>120,023</u>	<u>558,902</u>	<u>2,375,043</u>	<u>2,517,986</u>
Term deposits with banks					
Credit grade					
AAA	<u>64,944</u>	<u>—</u>	<u>—</u>	<u>64,944</u>	<u>11,986</u>
Gross carrying amount	64,944	—	—	64,944	11,986
ECL allowances	<u>(164)</u>	<u>—</u>	<u>—</u>	<u>(164)</u>	<u>(164)</u>
Carrying amount	<u>64,780</u>	<u>—</u>	<u>—</u>	<u>64,780</u>	<u>11,822</u>

	As at 30 June 2025				As at 31 December 2024
	ECL staging				
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000	Total RMB'000
Other current assets (excluding repossessed assets)					
Gross carrying amount	43,350	—	—	43,350	29,893
ECL allowances	(1,141)	—	—	(1,141)	(1,141)
Carrying amount	42,209	—	—	42,209	28,752
Financial assets held under resale agreement					
Gross carrying amount	—	—	—	—	221,390
ECL allowances	—	—	—	—	(3,527)
Carrying amount	—	—	—	—	217,863
Finance lease receivables					
Gross carrying amount	135,775	—	—	135,775	104,650
ECL allowances	(7,084)	—	—	(7,084)	(5,515)
Carrying amount	128,691	—	—	128,691	99,135

Notes:

- (a) Secured loans to customers comprise real estate backed loans and movable property backed loans.
- (b) Unsecured loans to customers comprise equity interest backed loans, guaranteed loans and other unsecured loans.

The Group may suffer credit losses if its customers default on contractual obligations. As at 30 June 2025, the impairment allowance (including the provision of loss allowance and the write-off) for loans to customers granted by the Group was as follows:

	As at 30 June 2025 <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Secured loans to customers (note (a))		
Stages 1 & 2	12,338	15,345
Stage 3	400,522	476,814
Subtotal	<u>412,860</u>	<u>492,159</u>
Unsecured loans to customers (note (b))		
Stages 1 & 2	23,251	32,264
Stage 3	216,262	301,330
Subtotal	<u>239,513</u>	<u>333,594</u>
 ECL allowances, total	 652,373	 825,753
Stages 1 & 2	35,589	47,609
Stage 3	<u>616,784</u>	<u>778,144</u>

Notes:

- (a) Secured loans to customers mainly comprise real estate backed loans and movable property backed loans.
- (b) Unsecured loans to customers mainly comprise equity interest backed loans and guaranteed loans and other unsecured loans.

The impairment allowance is measured based on the ECL model. Please refer to the last annual consolidated financial statements for the major parameters, assumptions and judgments used in the model.

As at 30 June 2025, the aggregate impairment allowance for secured loans to customers and unsecured loans to customers amounted to RMB652,373 thousand, representing approximately 21.55% of the total outstanding loans granted to customers (before provision); the overall impairment allowance of the Company decreased by RMB173,380 thousand as compared with the end of last year.

For loans to customers in Stages 1 & 2, the impairment allowance was determined by projecting the Probability of Default (“PD”), Loss Given Default (“LGD”) and Exposure at Default (“EAD”) for every six months and for each individual exposure or collective segment, based on historical data. The main reason for the decrease of the impairment

allowance in Stages 1 & 2 during the Reporting Period was that some loans, which were overdue by more than 90 days but less than three years or were not yet overdue, involved in litigation and were therefore transferred to Stage 3.

For impaired loans to customers in Stage 3, the impairment allowance is assessed by estimating the discounted future cash flows from the loans, and such assessment is re-performed for at least every six months.

For secured loans, the discounted cash flow is primarily dependant on the type of collaterals, their appraised value and estimated time for disposal. The main reason for the decrease in the impairment allowance for secured loans during the Reporting Period was the update of the impairment allowance based on the latest valuation of the collateral, the progress of the borrower's bankruptcy, the financial information of the borrower and guarantor, and other available information.

For unsecured loans, the discounted cash flow depends on the customer's financial and operating conditions, as well as their own properties preserved by the Group. The impairment allowance for unsecured loans decreased during the Reporting Period, mainly due to the write-off of equity interest backed loans in Stage 3 amounting to RMB114 million.

The Group also entered into supplementary repayment agreements with certain secured or unsecured loan customers in order to maximise its interests. The Group adjusted the impairment allowance according to implementation of such agreements.

During the Reporting Period, financial assets written off amounted to RMB114 million. The write-off only occurs when the Group has exhausted all practical recovery efforts and its decision was made based on the following evidence showing it will not be able to recover its obligatory right after liquidating the customers' property and pursuing repayment from the guarantor:

- (i) external evidence such as property settlement certificates issued by courts, arbitration tribunals or relevant government authorities; and
- (ii) internal evidence such as property recovery certificates, settlement reports, and legal opinions issued by the Group's risk control department and internal lawyers.

3.2 New Loans under Legal Proceedings

	For the six months ended 30 June	
	2025	2024
New Secured Loans		
Number of clients	51	63
Outstanding loans (RMB thousand)	119,273	96,757
New Unsecured Loans		
Number of clients	8	1
Outstanding loans (RMB thousand)	<u>45,841</u>	<u>30,000</u>

For the six months ended 30 June 2025, the balance of new secured loans and unsecured loans under legal proceedings were RMB119,273 thousand and RMB45,841 thousand, respectively. There is an increase as compared with the corresponding period of last year. The main reason was that the Company placed high importance on enhancing asset quality and increased the collection and disposal efforts for risky businesses by engaging external law firms and other means.

3.3 Credit Risk Management and Internal Control

3.3.1 Credit Risk Management

The money lending business of the Group mainly includes four business units, namely (i) pawnshop business, technology micro-finance business and overseas finance business; (ii) turnover loan funds business; (iii) commercial factoring business; and (iv) financial leasing business.

For each of the Group's money lending business units, the Group has formulated clear guidelines, policies and measures for the entire loan process, from assessment of credit risks and granting of loans, to post-lending monitoring and risk management, details of which are set out below. Different functions, such as credit risk assessment, lending procedures and approval of new loan applications are clearly delineated and segregated.

3.3.1.1 Pawnshop business, micro-finance business and overseas finance business

Below is a summary of the product types available under each category of this business unit:

- **Pawnshop business:** mainly comprises the provision of real estate backed loans, personal property backed loans and unsecured loans. The unsecured loans in this category mainly comprises equity interest backed loans.

- **Technology Micro-finance business:** mainly comprises the provision of real estate backed loans and unsecured loans. The unsecured loans in this category mainly comprises guaranteed loans and credit loans.
- **Overseas finance business:** comprises the provision of unsecured loans, which are mainly guaranteed loans.

The product types in this business unit can broadly be categorised into secured loans and unsecured loans.

(a) Secured loans

Pre-loan assessment

Due diligence

The business departments will obtain and review the identity card or the business licence, the customer's credit report issued by the People's Bank of China, the anti-fraud assessment report issued by third-party assessment agency and other documents to verify customer's identity and financial status.

Where fixed assets collaterals are involved, to mitigate operational risks, the business departments will obtain and review the collateral assessment report, title documents and relevant contracts and conduct site visits to check the existence and value of collaterals and any charges or mortgages against collaterals.

Credit assessment

A comprehensive pre-loan investigation report on the customer will be prepared by the business department for review by the risk control department.

Secured loans are granted by taking into account the collateral to be provided, the customer's cash flows and solvency position. Credit risks of customers are comprehensively assessed based on multiple factors, such as value of the collateral given, the customer's credit record, the customer's solvency and an analysis on the customer's industry and prospect. Collateral assessment value is based on any appraised value issued by appraisal institutions, and the ability to realise the value of the asset, taking into account the nature, location, age and size (in case of a property) of the asset.

Renewal of loans

Each loan renewal will be considered as a new loan to be granted and assessed under the same set of procedures adopted for new loan applications. The Group will also consider whether the interest and principal payments of the previous loan(s) have been paid on schedule, and whether the appraised value of the collateral is still acceptable to the Group for the loan renewal.

Loan grant

Loan execution

The Group sets a maximum loan amount and maximum interest rate for each loan. The risk control department can flexibly adjust loan terms such as interest rates and loan amount based on credit assessment results.

Loan approval

The Group sets clear levels of approval for loans with different amounts, with designated authorised persons for each approval limit. The authorised persons include the risk control department, the Chief Risk Officer (if applicable) and the credit approval committee (if applicable).

Fund release

The Group will only release funds after ensuring the completion of a series of tasks such as loan approval, contract signing, and registration of collateral rights.

Post-loan monitoring

The Group implements post-lending monitoring and management procedures to carry out ongoing monitoring and management of credit risks and the entire lending process, carrying out quarterly post-lending inspections and reviews and also specialized inspections when required from time to time during the loan period.

Periodic credit risk assessment on the customer will be conducted based on various other factors, including credit record, source of repayments (including a review conducted on a corporate customer's (or its controlling entity's) revenue, assets and liabilities, and the available assets of an individual customer), anti-fraud inquiries and marital status of the customer.

Loan recovery

The repayment of the principal and interest by the mortgagor (borrower) is continuously monitored. If the repayment of the principal and interest of a loan is overdue or if there is a major event affecting the collateral which is brought to the attention of the Group, the Group will enforce its rights as creditor through legal proceedings if necessary.

Documentation

The Group applies a comprehensive management system with an early warning system to store all business information and documents relating to the loan transaction to ensure that every transaction is recorded in an accurate and timely manner and any defaulted loans are identified.

(b) Unsecured loans

Unsecured loans mainly involve equity interest backed loans, guaranteed loans and credit loans.

Pre-loan assessment

Due diligence

The business departments will obtain and review the identity card or the business licence, the customer's credit report issued by the People's Bank of China, the anti-fraud assessment report issued by third-party assessment agency, the financial statements and tax statements of corporate clients (if applicable) and other documents to verify the following information:

- the basic information of the customer;
- the key financial information of the corporate customer and its operational data, including:
 - analysis on medium and long-term solvency, such as gearing ratio, current ratio and cash ratio;
 - analysis on corporate profitability, such as operating profit margin and net profit ratio;
 - non-financial indicators, such as electricity consumption, water consumption and salary payment; and

- the information of the guarantor (if any), including the guarantor's assets and ability to provide such guarantee and factors analogous to an examination of the financial information of the borrower customer.

For equity interest backed loans, the Group will conduct an internal review of the results and value of the equity interests. The Group will also obtain and review the equity interest registration certificate issued by the relevant department to verify the validity of the equity interest.

Credit assessment

A comprehensive pre-loan investigation report on the customer will be prepared by the business department for review by the risk control department.

Unsecured loans are granted by taking into account the customer's cash flows and solvency position. Credit risks of customers are assessed and monitored in the same manner as secured loans.

Renewal of loans

Each loan renewal will be considered as a new loan to be granted and assessed under the same set of procedures adopted for new loan applications. The Group will also consider whether the interest and principal payments of the previous loan(s) have been paid on schedule, and whether the customer's financial condition is still acceptable to the Group for the loan renewal.

Loan grant

Loan execution

The Group sets a maximum loan amount and maximum interest rate for each loan. The risk control department can flexibly adjust loan terms such as interest rates and loan amount based on credit assessment results.

Loan approval

Unsecured loans should be approved sequentially by the risk control department, the Chief Risk Officer and the credit approval committee.

Fund release

The Group will only release funds after ensuring the completion of a series of tasks such as loan approval, contract signing, loan guarantee, and registration of equity interest rights (if applicable).

Post-loan monitoring

The Group implements post-lending monitoring and management procedures to carry out ongoing monitoring and management of credit risks and the entire lending process, carrying out quarterly post-lending inspections and reviews and also specialized inspections when required from time to time during the loan period.

Periodic review is conducted on the repayments status and the financial status of the customer and guarantor.

Loan recovery

In the case of an overdue repayment of principal or interest of an unsecured loan or if there occurs a major event involving the guarantor of an unsecured loan, upon identification of the reasons of the specific customer's or the guarantor's inability to repay, the Group will formulate a customer-specific response plan based on the customer's operating conditions, sources of funds for repayment and repayment willingness. The Group will also negotiate with such customer to increase its guaranteed amount or determine a repayment plan, and implement recovery measures through legal proceedings if necessary.

Documentation

The Group applies a comprehensive management system with an early warning system to store all business information and documents relating to the loan transaction to ensure that every transaction is recorded in an accurate and timely manner and any defaulted loans are identified.

3.3.1.2 Turnover loan funds business

In the PRC, SME borrowers who received loans from banks have to repay the loan amount in full upon expiry and re-apply for a new loan, thereby creating a strong demand for services provided by bridging loan providers that will lead to timely approval of the new loan by banks to the SMEs and also flexible repayment terms. The Group provides short-term loan funds to SMEs for them to repay the expiring loans and after the SMEs have drawn down the new loans from the cooperation banks, the SMEs will repay the short-term loan funds (together with interest accrued thereon) to the Group, so as to alleviate the SMEs' capital turnover pressure caused by the "payment first and loan later" ("先還後貸") notion prevalent in the process of grant of loans in the PRC.

The Group mainly relies on Huifang Rongtong as the legal entity to carry out its business in turnover loan fund, which is a turnover loan funds business (轉貸基金) approved, guided and supervised by the Suzhou Wuzhong People's Government. It

cooperates with banks that have branches in Wuzhong District of Suzhou and provides short-term loan funds to SMEs that (i) meet bank credit requirements, given their track record of repayment and credit risks have already been assessed by the banks previously; and (ii) experience difficulties in repaying their previous loan amount in full for its renewal. The process of this business will normally be kick-started by the SMEs (some of them are referred by cooperation banks of the Group) by first applying to the Group for turnover loan funds, after which, the Group will conduct due diligence on the SMEs, and will provide funds to them according to the conditions and amount of loans confirmed by the cooperation banks to the Group.

Funds are advanced/granted to SMEs in the turnover loan funds business. The source of the funds of the Group mainly comes from the paid-up registered capital of Huifang Rongtong and interest income generated from this business. After the Group enters into loan agreements with the SMEs, the Group will remit the funds to the turnover repayment account of the SMEs that meets the bank's management requirements. Upon the previous loans with the cooperation bank being settled, the cooperation bank lends new loan to the SMEs, and transfers the amount of the turnover loan funds advanced/granted by the Group (together with interest accrued thereon) to a turnover loan special account or a designated entrusted account of the Group that meets the bank's management requirements, which will be regarded as a repayment of the turnover loan funds by the SMEs to the Group.

Pre-loan assessment

Due diligence

The business departments will obtain and review the basic information of the SMEs, such as the business licence, financial statements etc. to verify customer's identity and financial status. Meanwhile, the business departments will obtain feedback of the application forms and business contact sheets from banks before the granting of loans.

Credit assessment

A comprehensive pre-loan investigation report on the customer will be prepared by the business department for review by the risk control department.

Turnover loan funds are granted by taking into account the company's credit status, enterprise operation, financial conditions and bank credit conditions. In order to qualify for grant of a loan under this business unit, the SME must go through the credit review process and satisfy the borrower qualifications of the lending bank, which involves assessment of credit, financial resources and operational data etc.

The credit risks borne by the Group in this business include the risks of (i) the changes in loan renewal conditions of the banks; (ii) the SMEs not meeting the conditions for loan renewal; (iii) the SMEs changing the use of loan funds for other purposes instead of repayment of the current loan; and (iv) overdue repayment of funds by the SMEs to the Group.

Renewal of loans

Under normal circumstances, the Group does not renew loans.

Loan grant

Loan execution

The Group sets a maximum loan amount and maximum interest rate for each loan. The risk control department can flexibly adjust loan terms such as interest rates and loan amount based on credit assessment results.

Loan approval

The Group sets clear levels of approval for loans with different amounts, with designated authorised persons for each approval limit. The authorised persons include the risk control department and the Chief Risk Officer (if applicable).

Fund release

Once the SME has passed the credit review assessment, a contract will be issued by the Company in accordance with the internal administrative measures governing turnover loan funds and releases fund.

Post-loan monitoring

The Group implements a comprehensive process of tracking and supervision of turnover loan funds, which establishes an early warning mechanism for SMEs' corporate risks and change of circumstances that exposes the Group to further credit risks. The Group performs tracking and supervision in the following six stages of a turnover loan funds cycle: (i) contract signing; (ii) pre-loan implementation; (iii) fund transfer; (iv) loan disbursement; (v) fund return; and (vi) archives. The turnover loan funds business unit is responsible for maintaining close communication and contact with customers, closely monitoring the customer's business performance and providing feedback to the risk control department accordingly. The risk control department of the Group will monitor and flag unusual circumstances, such as customers having yet to repay turnover loan funds over a long period of time, and give timely warnings to the relevant personnel of the Group to closely monitor credit risks arising from such events.

Loan recovery

Repayments by SMEs are closely monitored. For customers with overdue repayments or adverse changes, upon identification of the reasons for the overdue repayments by the specific customer, the Group will formulate a customer-specific response plan based on the customer's operating conditions, sources of funds for repayment and repayment willingness. The Group will also negotiate with such customer to increase its effective asset guarantees or determine a repayment plan, and implement recovery measures through legal proceedings if necessary.

Documentation

The Group applies a comprehensive management system with an early warning system to store all business information and documents relating to the loan transaction to ensure that every transaction is recorded in an accurate and timely manner and any defaulted loans are identified.

3.3.1.3 Commercial factoring business

Pre-loan assessment

Due diligence

The business departments will collect information and documents in relation to the payment and the ledger management of account receivables, verify the account receivables and confirm the results of account receivables registration. The business departments will also obtain and review the business licence, corporate credit report, financial statements, tax statements and other documents, and conduct site visits to verify customer's identity and financial status.

Credit assessment

In terms of the criteria and credit risk assessments for both the customer and the relevant debtor, the Group first divides customers and debtors into (i) manufacturing (or service-oriented) enterprises; and (ii) engineering project-oriented enterprises, and evaluates customers and debtors based on two different sets of criteria set for (i) and (ii) on year of establishment, credit records, social reputation, product quality and market conditions.

In terms of the risk assessment of account receivables, the Group focuses on the assessment of past payment status of the debtor, account receivables quality, account receivables period, payment responsibilities, contractually agreed prices and assignment restrictions.

Renewal of loans

Each loan renewal will be considered as a new loan to be granted and assessed under the same set of procedures adopted for new loan applications. The Group will also consider whether the interest and principal payments of the previous loan(s) have been paid on schedule, and whether the customer's financial condition is still acceptable to the Group for the loan renewal.

Loan grant

Loan execution

The loan terms such as interest rates and loan amount should be determined by the credit approval committee based on credit assessment results.

Loan approval

The commercial factoring business should be approved by the credit approval committee.

Fund release

The Group will only release funds after ensuring the completion of a series of tasks such as loan approval, contract signing and registration of account receivables rights.

Post-loan monitoring

The Group has designated personnel to perform review procedures on factoring and registrations of the assignment of account receivables. The Group will collect customers' financial reports on a monthly or quarterly basis to objectively review their balance sheets, operating revenue, and profitability. The Group will also closely monitor customers' business operations or any changes, financial conditions, and solvency through on-site investigations and due diligence. Credit history of the customer with the Group and other financial institutions will also be monitored.

Loan recovery

The authenticity and legality of the transfer of account receivables and the recoverability of the account receivables will be assessed. In addition, the Group closely monitors and keeps track of any disputes between the customer and the debtor regarding the account receivables or deterioration of financial position of the debtor, and will take timely measures to counter such risks, such as ceasing to provide further factoring services to the customer, recovery of the amounts due from the customer.

If upon expiry of the financing, the customer fails to redeem the account receivables or if the debtor fails to repay the account receivables, various collection measures will be taken immediately, including registration of an extension of the account receivables, obtaining control over the account receivables and enforcing the Group's claims through legal means.

Documentation

The Group applies a comprehensive management system with an early warning system to store all business information and documents relating to the loan transaction to ensure that every transaction is recorded in an accurate and timely manner and any defaulted loans are identified.

3.3.1.4 Financial leasing business

Pre-loan assessment

Due diligence

The business departments will also obtain and review the business licence, corporate credit report, financial statements, tax statements and other documents, and conduct site visits to verify customer's identity and financial status.

For avoidance of operational risks, the document review process also entails verification of the identity of the customer. For example, the Group will obtain and review the business licence to verify the customer's identity and require all documents to be signed by the customer as lessee.

Credit assessment

Financial leasing is granted by taking into account customer's industry and reputation, customer's cash flows, solvency position and liquidity of leased assets. Credit risks of customers are comprehensively assessed based on multiple factors, such as the customer's credit record, the customer's solvency, the analysis on the customer's industry and prospect, value and liquidity of the lease assets.

Renewal of loans

Each loan renewal will be considered as a new loan to be granted and assessed under the same set of procedures adopted for new loan applications. The Group will also consider whether the interest and principal payments of the previous loan(s) have been paid on schedule, and whether the customer's financial condition is still acceptable to the Group for the loan renewal.

Loan grant

Loan execution

The Group usually enters into financial leasing agreements with the customers which sets out major terms such as the leased asset concerned, purchase price of the leased asset, term of the lease, the payment schedule of the lease payments, security deposit (if any), management fee (if any), transfer of title clause and insurance for the leased asset. The loan terms should be determined by the credit approval committee based on credit assessment results.

Depending on the credit status of the customer, the Group may require lessees and third parties to provide additional collaterals or guarantees so that the Group will have better protection against credit risk. These additional collaterals or guarantees include (i) joint and several guarantees from the lessee's legal representative, major equity interest holders or their family members (if any); and (ii) pledge of real property or vehicles owned by the lessees.

Loan approval

The financial leasing business should be approved by the credit approval committee.

Fund release

The Group will only release funds after ensuring the completion of a series of tasks such as loan approval, contract signing and implementation of guarantee measures.

Post-loan monitoring

Financial reports of the customer will be collected on a monthly or quarterly basis to conduct periodic review on business status, solvency position, credit status, and changes in debt situation of the lessee. Each review forms related written reports such as post lease inspection logs or reports.

Loan recovery

If the lessee fails to pay any installment of rent, or fails to perform any of its obligations under the finance leasing agreement, the Group shall have the right to demand prompt payment in full or part of the lease receivables, or immediately and unilaterally dispose of such leased assets.

Documentation

The Group applies a comprehensive management system with an early warning system to store all business information and documents relating to the loan transaction to ensure that every transaction is recorded in an accurate and timely manner and any defaulted loans are identified.

3.3.2 Internal Control

In addition to the measures as disclosed above in this announcement, the Group has adopted the following key internal control measures with the aim to establish a comprehensive risk management system covering all employees, products and operational processes:

- segregation of credit assessment and loan disbursement process and establishment of a multi-tiered loan approval policy with a clear delineation of the responsibilities of different positions in the whole business process, which promotes employees' integrity and accountability across front, middle and back offices;
- promulgation of working rules of the credit approval committee, policies for product outline and product management policies which governs the loan approval process, such policies include, for instance, setting a maximum limit for each loan transaction;
- implementation of post-lending monitoring and management procedures to carry out ongoing monitoring and management of credit risks and the entire lending process, carrying out quarterly post-lending inspections and reviews and also specialized inspections when required from time to time during the loan period;
- establishment of a comprehensive management system with an early warning system to store all business information and documents relating to the loan transaction to ensure that every transaction is recorded in an accurate and timely manner and any defaulted loans are identified; and
- promulgation of management policies for defaulted liabilities and bad debts identification and write-offs such that write-offs can only be processed after the relevant liabilities have been identified as bad debts and compliant with write-offs management policy.

4. BORROWINGS

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Non-current		
Bank borrowing (<i>note (a)</i>)	<u>203,500</u>	<u>334,000</u>
Current		
Bank borrowings (<i>note (b)</i>)	457,810	425,020
Borrowings from other companies (<i>note (c)</i>)	105,415	115,520
Borrowings from micro-finance companies (<i>note (d)</i>)	40,000	95,000
Borrowings from the Group's former and existing employees (<i>note (e)</i>)	136,249	128,043
Borrowings from the Ultimate Shareholders (<i>note (f)</i>)	<u>10,000</u>	<u>10,000</u>
	<u>749,474</u>	<u>773,583</u>
	<u>952,974</u>	<u>1,107,583</u>

The Group's borrowings are all denominated in RMB.

Notes:

- (a) As at 30 June 2025, non-current bank borrowing with principal amount of RMB164.3 million (31 December 2024: RMB184.0 million) bears a fixed interest rate of 3.2% per annum (31 December 2024: 4.3% per annum), with Zhonghui Financial Building as the pledge. It is repaid in a scheduled instalments after 1 year but not more than 12 years.

As at 30 June 2025, non-current bank borrowing with principal amount of RMB20.0 million (31 December 2024: RMB20.0 million) bears a fixed interest rate of 4.05% per annum (31 December 2024: 4.5% per annum). It is secured by all shares of a subsidiary of the Company and guaranteed by a subsidiary of the Company. It is repaid in a scheduled instalments after 1 year but not more than 2 years.

As at 30 June 2025, non-current bank borrowing with principal amount of RMB19.2 million (31 December 2024: RMB20.0 million) bears a fixed interest rate of 4.0% per annum (31 December 2024: 4.0% per annum). It is guaranteed by a subsidiary of the Company. It is repaid in a scheduled instalments after 1 year but not more than 3 years.

As at 30 June 2025, there are no undrawn bank borrowing facilities (31 December 2024: same).

- (b) Current bank borrowings are all with maturity within one year and bear fixed interest rates ranging from 1.49% to 6.0% per annum as at 30 June 2025 (31 December 2024: from 2.6% to 6.5% per annum).

As at 30 June 2025, bank borrowing with principal amount of RMB19.0 million (31 December 2024: RMB19.0 million) is secured by a structured deposit of RMB20.0 million (31 December 2024: RMB20.0 million).

As at 30 June 2025, bank borrowings with principal amount of RMB86 million (31 December 2024: RMB86.0 million) are guaranteed by Wuzhong Jiaye and the Ultimate Shareholders (of which one of the Ultimate Shareholders has not provided any guarantee).

As at 30 June 2025, bank borrowings with principal amount of RMB68.0 million (31 December 2024: RMB70.0 million) are guaranteed by Wuzhong Group.

As at 30 June 2025, bank borrowings with principal amount of RMB20.0 million (31 December 2024: RMB20.0 million) are guaranteed by Suzhou Guofa Financing Guarantee Co., Ltd.* (蘇州國發融資擔保有限公司) and counter-guaranteed by Wuzhou Group and its two subsidiaries.

As at 30 June 2025, bank borrowing with principal amount of RMB10 million (31 December 2024: RMB10.0 million) is guaranteed by Jiangsu Jinchuang Financing Re-guarantee Co., Ltd.* (江蘇金創融資再擔保有限公司)

- (c) As at 30 June 2025, borrowings from other companies bear a fixed interest rate ranging from 6.5% to 9.0% per annum (31 December 2024: from 6.5% to 9.0% per annum).
- (d) As at 30 June 2025, borrowings from micro-finance companies with principal amount of RMB40.0 million (31 December 2024: RMB95.0 million) are guaranteed by Wuzhong Jiaye.
- (e) As at 30 June 2025, borrowings from the Group's employees bear a fixed interest rate ranging from 7.0% to 7.5% per annum (31 December 2024: from 7.5% to 8.0% per annum).
- (f) As at 30 June 2025, borrowings from one of the Ultimate Shareholders bear a fixed interest rate ranging from 7.0% to 7.5% per annum (31 December 2024: from 7.5% to 8.0% per annum).

The primary objectives of the Group's treasury management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value. The Group has continued to adopt a conservative treasury policy. The Board and the management have been closely monitoring the Group's liquidity position, performing ongoing credit evaluations and monitoring the financial conditions of its customers in order to ensure the Group's healthy cash position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, repurchase the Company's shares or raise/repay debts.

As at 30 June 2025, the gearing ratio of the Group was 28.17%. The Group monitors capital risk on the basis of gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings net of cash and cash equivalents. Total capital is calculated as "total equity" as shown in the interim condensed consolidated statement of financial position plus net debt. The Group's strategy is to maintain a gearing ratio below 50% and to meet the compliance requirements of Wuzhong Pawnshop on aggregate amount of loans to customers at all times.

For the six months ended 30 June 2025, the Group did not use any financial instruments for hedging purposes.

5. CAPITAL EXPENDITURE

Our capital expenditure primarily consists of property, plant and equipment, intangible assets and investment properties. Our capital expenditure was RMB4,300 thousand for the six months ended 30 June 2025, as compared to RMB6,581 thousand for the corresponding period of last year.

6. EXPOSURE TO FOREIGN EXCHANGE RISK

For the six months ended 30 June 2025, the net foreign currency losses of the Group were RMB396 thousand, representing an increase as compared to the net foreign currency losses of RMB266 thousand for the corresponding period of last year. The Group is free from material foreign exchange risk and does not conduct any related hedging as it concludes deals in RMB.

7. PLEDGE OF ASSETS

As at 30 June 2025, land-use rights and the investment property named Zhonghui Financial Building are pledged with banks to secure non-current bank borrowings with principal amount of RMB164.3 million (31 December 2024: RMB184.0 million).

As at 30 June 2025, structured deposits with principal amount of RMB20.0 million (31 December 2024: RMB20.0 million) of the Group were pledged with banks to secure the Group's borrowings with principal amount of RMB19 million (31 December 2024: RMB19.0 million).

Save as disclosed above, during the six months ended 30 June 2025, the Group did not have any pledge of assets.

8. SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

8.1 Acquisition and Disposal of Guangda Education

The Group participated in the restructuring of Guangda Education, a company incorporated in the PRC and principally engaged in hotel operations, through its cooperation with Suzhou Qingdong. On 17 August 2023, Suzhou Huifang Dinghe Business Management Company Limited* (蘇州匯方鼎合商業管理有限公司) (“**Huifang Dinghe**”), an indirect wholly-owned subsidiary of the Company, entered into a tripartite agreement with Guangda Education and Suzhou Qingdong to agree that Huifang Dinghe shall act as the restructuring investor in place of Suzhou Qingdong to acquire the entire interest in Guangda Education from the administrator at a restructuring investment amount of RMB196.0 million and a nominal acquisition consideration of RMB1.

On the same date, Huifang Supply Chain, another indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with Suzhou Qingdong to agree that (1) Suzhou Qingdong shall pay a cooperation deposit in the amount of RMB50.0 million to Huifang Supply Chain; and (2) within twelve months of the acquisition of Guangda Education, Suzhou Qingdong shall acquire the entire equity interest in Huifang Dinghe from

Huifang Supply Chain at a disposal consideration (which includes the settlement of all debts and liabilities incurred by Huifang Dinghe and Huifang Supply Chain as a result of the acquisition of Guangda Education) of approximately more than RMB200 million, in accordance with the cooperation agreement.

In addition, on the same date, Qingdao Wanchen, another indirect wholly-owned subsidiary of the Company, entered into a consultation services agreement with Suzhou Qingdong in relation to the provision of consultation services by Qingdao Wanchen to Suzhou Qingdong in respect of the bankruptcy restructuring of Guangda Education at a consultation fee of RMB1.5 million.

For further details of the above-mentioned transactions, please refer to the announcement of the Company dated 17 August 2023 and the supplemental announcement of the Company dated 30 August 2023.

The commercial substance of the aforementioned series of transactions is to provide Suzhou Qingdong with the necessary financing for its acquisition of Guangda Education. Following the completion of the acquisition of Guangda Education, the acquisition consideration of Guangda Education is accounted for as financial assets held under resale agreement, and the difference between the acquisition consideration and the disposal consideration of Guangda Education upon the completion of disposal of the entire equity interest in Huifang Dinghe is recognised as interest income during the term of the cooperation agreement using the effective interest method.

As of 30 June 2025, the acquisition and disposal of Guangda Education have been completed. For the six months ended 30 June 2025, the Group achieved consulting service income of RMB3 million and interest income of RMB3.3 million through this investment. The strategy of the Group is to actively seek opportunities in relation to provision of financing solutions to customers in the areas of restructuring of companies and judicial auction of assets. The Board considers that the income from the acquisition and the disposal represents an opportunity for the Group to generate an investment return while providing services to its customers within its ordinary and usual course of business, thereby creating a win-win situation. The Board has discussed and approved the transaction mentioned above and is of the view that such transactions will bring benefits and create value to the Company and its shareholders as a whole.

8.2 Acquisition and Disposal of the Hongzhuang Commercial Property

Suzhou Huifang Hezhong Enterprise Management Consulting Co., Ltd.* (蘇州匯方合眾企業管理諮詢有限公司) (“**Huifang Hezhong**”), an indirect wholly-owned subsidiary of the Company, participated in the auction and successfully won the auction in respect of the Hongzhuang Commercial Property for a consideration of RMB70,833,420 on 11 October 2024.

On 16 December 2024, Huifang Supply Chain, an indirect wholly-owned subsidiary of the Company, and Suzhou Xinwei entered into the pre-acquisition agreement, pursuant to which, Huifang Supply Chain shall dispose and Suzhou Xinwei shall acquire 100% equity interest in Huifang Dingqian for the disposal consideration in the amount of RMB76,988,420 (subject to adjustment). Upon completion of the disposal, the Group will no longer have any interest in Huifang Dingqian and its subsidiary, Huifang Hezhong, each of which will cease to be a subsidiary of the Company. Huifang Hezhong is the registered owner of the Hongzhuang Commercial Property.

For further details of the above-mentioned transactions, please refer to the announcement of the Company dated 13 October 2024 and the announcement of the Company dated 16 December 2024 in relation to the acquisition and disposal of the Hongzhuang Commercial Property.

The commercial substance of the aforementioned series of transactions is to provide Suzhou Xinwei with the necessary financing for its acquisition of the Hongzhuang Commercial Property. Following the completion of the acquisition, the acquisition consideration will be accounted for as loans to customers, and the difference between the acquisition consideration and the disposal consideration is recognised as interest income during the term of the pre-acquisition agreement using the effective interest method.

As of 30 June 2025, the acquisition and disposal of the Hongzhuang Commercial Property has been completed. The strategy of the Group is to actively seek opportunities in relation to provision of financing solutions to customers in the areas of restructuring of companies and judicial auction of assets. The Board considers that the income from the acquisition and the disposal represents an opportunity for the Group to generate an investment return while providing services to its customers within its ordinary and usual course of business, thereby creating a win-win situation. The Board has discussed and approved the transaction mentioned above and is of the view that such transactions will bring benefits and create value to the Company and its shareholders as a whole.

As at 30 June 2025, the fair value of each of the above investments of the Group was less than 5% of the total assets of the Group. As at 30 June 2025, the Group did not hold significant investments in the equity interests of any companies. Save as disclosed above, the Group did not have any other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

9. CONTINGENCIES, CONTRACTUAL OBLIGATIONS AND CASH USAGE ANALYSIS

9.1 Contingencies

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: same).

9.2 Commitments

(a) Capital commitments

Name of investee company	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Suzhou Cibe Management Consulting Partnership (LP)* (蘇州次貝企業管理諮詢合夥企業(有限合夥)) (“Suzhou Cibe”) (note (a))	42,868	42,868
Qianhui Tongcui (note (b))	10,000	10,000
Suzhou Kangli Junzhuo Digital Economy Industry Investment Fund Partnership (LP)* (蘇州康力君卓數字 經濟產業投資基金合夥企業(有限合夥)) (“Kangli Junzhuo”) (note (c))	5,000	5,000
	<u>57,868</u>	<u>57,868</u>

Notes:

- (a) The committed capital injection to Suzhou Cibe is RMB45 million, of which RMB42.9 million (31 December 2024: RMB42.9 million) has not been paid by the Group as at 30 June 2025.
- (b) The committed investment injection to Qianhui Tongcui is RMB20.0 million, of which RMB10.0 million (31 December 2024: RMB10.0 million) has not been paid by the Group as at 30 June 2025.
- (c) The committed investment injection to Kangli Junzhuo is RMB10.0 million, of which RMB5.0 million (31 December 2024: RMB5.0 million) has not been paid by the Group as at 30 June 2025.

9.3 Cash Usage Analysis

As at 30 June 2025, the Group's cash and cash equivalents amounted to RMB89,497 thousand, representing a decrease of RMB46,574 thousand as compared to the end of last year. The Group's cash and cash equivalents were denominated in RMB, USD and HKD. The following table sets forth a summary of our cash flows for the indicated periods:

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash inflow/(outflow) from operating activities	261,486	(207,990)
Net cash (outflow)/inflow from investing activities	(108,449)	3,772
Net cash (outflow)/inflow from financing activities	<u>(199,313)</u>	<u>189,441</u>
Net decrease in cash and cash equivalents	<u>(46,276)</u>	<u>(14,777)</u>
Effects of foreign exchange rate changes on cash and cash equivalents	<u>(298)</u>	<u>(523)</u>

Net Cash Flow from Operating Activities

During the Reporting Period, net cash inflow from operating activities amounted to RMB261,486 thousand, mainly due to the decrease in loans to customers, which led to an increase in cash generated from operating activities.

Net Cash Flow from Investing Activities

During the Reporting Period, net cash outflow from investing activities amounted to RMB108,449 thousand. The main reason was the macroeconomic downturn, which led to the Company conducting virtually no investment activities during the Reporting Period.

Net Cash Flow from Financing Activities

During the Reporting Period, net cash outflow from financing activities amounted to RMB199,313 thousand, mainly due to a decrease in new borrowings coupled with an increase in repayments of borrowings.

10. HUMAN RESOURCE AND EMPLOYEE BENEFITS

As at 30 June 2025, the Group had a total of 153 full-time employees, decreasing from 156 as at 31 December 2024. The Company will continue to carry out human resource optimization and adjust the number of our employees and our remuneration policy based on the development of our business and review of our employees' performance.

For the six months ended 30 June 2025, employee remuneration and benefits decreased by RMB5,084 thousand to RMB15,542 thousand from the corresponding period last year.

The Group reviews its remuneration policy on an annual basis and discretionary bonus is paid on an annual basis with reference to the Group's performance and individual performance. We adhere to fostering a working environment with opportunities for learning and career development for our employees, and the Group provides employees with a comprehensive range of staff training scheme, including financial knowledge, compliance and leadership management, so as to help them achieve both their personal and professional development goals.

Pursuant to the applicable PRC regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We have been in compliance with all statutory social insurance and housing fund obligations applicable to us under the PRC laws in all material respects. We are not subject to any collective bargaining agreements.

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees become entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made and cannot use the forfeited contributions.

Contributions to these plans are expensed as incurred and contributions paid to the defined-contribution pension plans for an employee are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the employee leaves the Group.

11. FUTURE PLANS RELATING TO MATERIAL INVESTMENTS

Save for the capital commitments disclosed in paragraph 9.2 of this announcement, the Group has no other plans for material investments or acquisition of capital assets. However, the Group will continue to seek new business development opportunities. The investment amount will be funded by the internal resources and bank financing of the Group.

12. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there is no significant event after 30 June 2025 and up to the date of this announcement.

PROSPECTS

Inclusive Finance Business Division: The real estate backed loans will implement a business development strategy that focuses on both large-sums and small-sums loans, deepen business due diligence, and strictly control business risks. The movable property backed loans will focus on expanding scale and increasing market share. The equity interest backed loans for listed companies will select the best opportunities, control the pledge rate, and achieve steady and healthy development. The art investment business will maintain a high-quality customer base and keep a stable development trend.

Ecology Finance Business Division: The commercial factoring business will step up its expansion efforts and actively promote various cooperation models, including joint factoring and re-factoring. The financial leasing business will enhance post-loan management and explore business opportunities in Suzhou. The equity investment business will continue to track invested fund projects and carry out post-investment management. The special asset investment business will replicate the experience of successful projects and vigorously promote the bankruptcy reorganization process of new projects. The supply chain management business will continue to advance in white liquor, fresh produce, and grain and oil businesses to achieve secure revenue.

Headquarters and Others: The Company will adhere to a risk control strategy primarily focused on substantive risk prevention, strictly maintain the risk baseline, and increase efforts in the collection and disposal of risky business. The Company will continuously optimize the financing structure, strengthen cash flow management, and ensure the safety and liquidity of funds. The Company will strictly control staffing and labor costs, continuously promote human resource optimization, and enhance organizational efficiency. The Company will strengthen the operation of the official video account, promote content innovation and iteration, and enhance brand influence.

DIVIDEND

The Board did not recommend an interim dividend for the six months ended 30 June 2025.

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

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities (including sale of treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)), if any) of the Company during the six months ended 30 June 2025.

CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions set forth in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Listing Rules.

Following the resignation of Ms. Zhang Shu as a non-executive director on 28 May 2024, the Company had a single gender board which did not meet the requirement under Rule 13.92 of the Listing Rules. With the appointment of Ms. Deng Linyan as non-executive Director on 7 March 2025, the Board has achieved gender diversity and thus fulfils the requirement under Rule 13.92 of the Listing Rules.

Save as disclosed above, in the opinion of the Board, the Company has complied with the applicable principles and code provisions as set out in the CG Code throughout the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors, and the Directors have confirmed that they had complied with the Model Code throughout the Reporting Period.

CHANGES IN DIRECTORS’ INFORMATION

From 1 January 2025 to the date of this announcement, the changes in the directors’ information of the Company are as follows:

Mr. Feng Ke resigned as an independent non-executive director of Liaoning Cheng Da Co., Ltd. (遼寧成大股份有限公司) (the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600739)), with effect from 28 February 2025.

Mr. Ling Xiaoming resigned as a non-executive Director of the Company with effect from 7 March 2025.

Ms. Deng Linyan was appointed as a non-executive Director of the Company and a member of the nomination committee of the Company with effect from 7 March 2025.

Mr. Tse Yat Hong was appointed as a member of the nomination committee of the Company with effect from 7 March 2025 and the lead independent non-executive director of the Company with effect from 28 May 2025.

REVIEW OF INTERIM RESULTS

The accounting information contained in this announcement has not been audited by the independent auditor of the Company. However, the audit committee of the Company together with the management of the Company have reviewed the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2025. In addition, the independent auditor of the Company has reviewed the unaudited interim financial information for the six months

ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The interim results announcement of the Company for the six months ended 30 June 2025 is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.cnhuirong.com) respectively. The 2025 interim report will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in due course.

By Order of the Board
China Huirong Financial Holdings Limited
WU Min
Chairman

Suzhou China, 29 August 2025

As at the date of this announcement, the executive directors of the Company are Mr. Wu Min, Mr. Qiu Wei, Mr. Zhang Changsong and Mr. Yao Wenjun, the non-executive directors of the Company are Mr. Mao Zhuchun and Ms. Deng Linyan and the independent non-executive directors of the Company are Mr. Tse Yat Hong, Mr. Feng Ke and Mr. Liang Jianhong.

* *For identification purposes only*