海通恒信國際融資租賃股份有限公司

Haitong Unitrust International Financial Leasing Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

Stock Code: 1905

Interim Report **2024**

CONTENTS

This report has been prepared in Chinese and English respectively. In case of discrepancy, the Chinese version shall prevail, except for the financial report prepared in accordance with IFRS Accounting Standards, of which the English version shall prevail.

Company Profile

The Group is a large and steadily growing financial leasing company in China. As the sole leasing platform and one of the key strategic segments of Haitong Securities, a leading securities company in China, the Group offers customer-oriented and comprehensive financial services to a diverse group of customers across various industries. The Company strives to become a financial leasing company that leads industry innovation with the characteristics of the capital market.

Over the years, the Group has been adhering to its role as a financial service provider of the real economy and has been grasping favourable opportunities arising from the major transformation of economy of China. The Group has also pursued the operating strategies of “cross-border thinking, promoting innovative development, strengthening our capacity and grasping business opportunities”. Based on its customer development strategy of maintaining a balanced customer base, the Group has focused on its primary leasing business and pursued its long-term goal of “professional, group-based, internationalised and digitalised” business development. It has also provided tailored services to a wide range of customers, including LMEs, MSEs and retail customers. We have continued to provide comprehensive financial services to customers in advanced manufacturing, energy and environmental protection, construction, urban utilities, transportation and logistics, culture and tourism, healthcare and other industries by implementing the best practices of investment banking and strengthening the collaboration with our parent company, financial institutions and industrial ecosystem partners, etc., in an effort to achieve a win-win situation. We have formed a competitive advantage with unique securities firm characteristics, including coordinated allocation of resources and assets and balanced development of business scale and income.

The Group’s headquarters is located in Shanghai and it operates eight specialised business departments, namely Advanced Manufacturing Business Department, Digital Economy Business Department, Ecological and Environmental Protection Business Department, Green Energy Business Department, Construction Business Department, Healthcare Business Department, Public Services Department, and Asset Transaction Department. We have also established 21 branches all over the country. Our branch network also encompasses a number of subsidiaries in areas including Hong Kong, Tianjin and Shanghai. Through implementing a “One Body, Two Wings” business development strategy, we have expanded the geographical coverage and customer base of our domestic and overseas business. As such, our local teams have been able to develop expertise that is most pertinent to the local market environments.

On June 3, 2019, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange and was the first listed securities-affiliated financial leasing company in China.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. DING Xueqing (Chairman of the Board)

Ms. ZHOU Jianli

Non-executive Directors

Mr. ZHANG Xinjun

Ms. HA Erman

Mr. LU Tong

Mr. WU Shukun

Mr. ZHANG Shaohua

Independent non-executive Directors

Mr. YAO Feng

Mr. ZENG Qingsheng

Mr. WU Yat Wai

Mr. YAN Lixin

AUDIT COMMITTEE OF THE BOARD

Mr. ZENG Qingsheng (Chairman)

Mr. ZHANG Shaohua

Mr. YAN Lixin

NOMINATION COMMITTEE OF THE BOARD

Mr. YAN Lixin (Chairman)

Mr. DING Xueqing

Mr. WU Yat Wai

REMUNERATION AND EVALUATION COMMITTEE OF THE BOARD

Mr. ZENG Qingsheng (Chairman)

Mr. WU Shukun

Mr. YAO Feng

RISK MANAGEMENT COMMITTEE OF THE BOARD

Mr. YAN Lixin (Chairman)

Mr. DING Xueqing

Mr. ZHANG Shaohua

Mr. YAO Feng

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE OF THE BOARD

Mr. DING Xueqing (Chairman)

Ms. HA Erman

Ms. ZHOU Jianli

BOARD OF SUPERVISORS

Mr. WU Xiangyang (Chairman)

Mr. CHEN Xinji

Mr. HU Zhangming

JOINT COMPANY SECRETARIES

Mr. FU Da

Mr. LAM Kang Chi

AUTHORISED REPRESENTATIVES

Mr. DING Xueqing

Mr. LAM Kang Chi

Corporate Information

LEGAL ADVISORS

as to Hong Kong law

Davis Polk & Wardwell
18th Floor, The Hong Kong Club Building
3A Chater Road
Hong Kong

as to PRC law

Jia Yuan Law Offices
F408, Ocean Plaza
158 Fuxing Men Nei Street, Xicheng District
Beijing
PRC

AUDITORS

Domestic Auditor

PricewaterhouseCoopers Zhong Tian LLP
42/F, New Bund Centre
588 Dongyu Road, Pudong New District
Shanghai, PRC

International Auditor

PricewaterhouseCoopers
Registered Public Interest Entity Auditors
22nd Floor, Prince's Building, Central
Hong Kong

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

REGISTERED ADDRESS

No. 599 South Zhongshan Road
Huangpu District
Shanghai
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Haitong Unitrust Tower
No. 599 South Zhongshan Road
Huangpu District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

COMPANY'S WEBSITE

https://www.utfinancing.com

STOCK CODE

1905

LISTING DATE

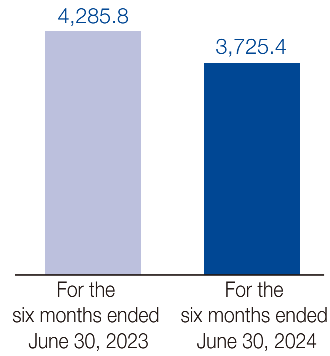
June 3, 2019

Financial Summary

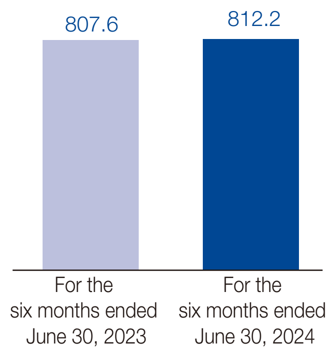
OVERVIEW OF KEY FINANCIAL DATA

For the six months ended June 30, 2024

Total revenue
RMB in millions
3,725.4



Profit for the period
RMB in millions
812.2

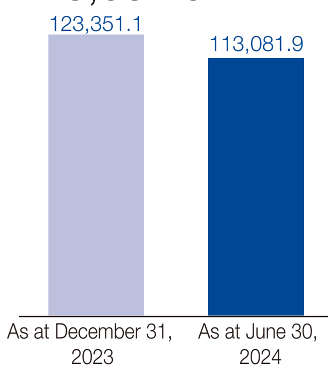


Basic earnings per share
RMB yuan/share

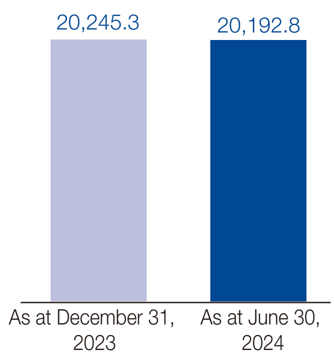
0.09

As at June 30, 2024

Total assets
RMB in millions
113,081.9



Total equity
RMB in millions
20,192.8



Net assets per share
RMB yuan/share

2.09

Net interest margin
For the six months ended June 30,

2023	2024
3.51%	3.62%

Average yield of interest-earning assets
For the six months ended June 30,

2023	2024
6.71%	6.69%

Net interest spread
For the six months ended June 30,

2023	2024
3.06%	3.16%

Weighted average return on net assets
For the six months ended June 30,

2023	2024
8.85%	8.55%

Asset-liability ratio

As at December 31, 2023	As at June 30, 2024
83.59%	82.14%

NPA ratio

As at December 31, 2023	As at June 30, 2024
1.12%	1.15%

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The following table summarises our interim condensed consolidated results of operations for the periods indicated:

	For the six months ended June 30,		
	2024	2023	Changes
	(RMB in millions, except percentages)		
Total revenue	**3,725.4**	4,285.8	(13.1%)
Total revenue and other income, gains or losses	**4,028.5**	4,527.6	(11.0%)
Interest expenses	**(1,633.5)**	(1,850.4)	(11.7%)
Total expenses	**(2,939.7)**	(3,415.5)	(13.9%)
Profit before income tax	**1,088.8**	1,112.1	(2.1%)
Income tax expenses	**(276.6)**	(304.5)	(9.2%)
Profit for the period	**812.2**	807.6	0.6%
Earnings per share attributable to ordinary shareholders of the Company (RMB yuan/share)			
— Basic	**0.09**	0.09	
— Diluted	**N/A**	N/A	
Profitability indicators			
Average return on assets(1)	**1.37%**	1.28%	
Weighted average return on net assets(2)	**8.55%**	8.85%	
Cost-to-income ratio(3)	**15.21%**	15.47%	
Profit margin before tax and provision(4)	**44.18%**	43.02%	
Net profit margin(5)	**21.80%**	18.84%	
Profitability indicators of assets			
Average yield of interest-earning assets(6)	**6.69%**	6.71%	
Of which: finance lease business(7)	**6.72%**	6.73%	
Average cost of interest-bearing liabilities(8)	**3.53%**	3.65%	
Net interest spread(9)	**3.16%**	3.06%	
Net interest margin(10)	**3.62%**	3.51%	

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises our interim condensed consolidated financial position as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions, except percentages)		
Non-current assets	57,566.3	63,656.9	(9.6%)
Receivables from finance lease business(Note)	46,241.6	51,841.2	(10.8%)
Property and equipment	6,989.2	7,127.7	(1.9%)
Current assets	55,515.6	59,694.2	(7.0%)
Receivables from finance lease business(Note)	44,734.3	47,567.7	(6.0%)
Total assets	113,081.9	123,351.1	(8.3%)
Current liabilities	47,881.2	53,865.0	(11.1%)
Borrowings	22,605.6	23,688.1	(4.6%)
Bonds payable	18,989.4	23,730.1	(20.0%)
Total equity	20,192.8	20,245.3	(0.3%)
Equity attributable to owners of the Company			
— Ordinary shareholders	17,181.4	16,765.2	2.5%
— Other equity instrument holders	2,957.1	3,430.7	(13.8%)
Non-controlling interests	54.3	49.4	9.9%
Non-current liabilities	45,007.9	49,240.8	(8.6%)
Borrowings	18,795.3	22,105.3	(15.0%)
Bonds payable	21,244.9	21,657.7	(1.9%)
Net assets per share (RMB yuan/share)	2.09	2.04	
Solvency indicators			
Asset-liability ratio(11)	82.14%	83.59%	
Gearing ratio(12)	404.28%	450.38%	
Asset quality indicators			
NPA ratio(13)	1.15%	1.12%	
Allowance coverage ratio for NPAs(14)	297.55%	265.82%	

Note: Receivables from finance lease business include finance lease receivables and receivables arising from sale and leaseback arrangements.

(1) Calculated by dividing profit for the period by the average balance of total assets at the beginning of the period and the end of the period on an annualised basis.

(2) Profit for the period attributable to ordinary shareholders/(equity attributable to ordinary shareholders at the beginning of the period + profit for the period attributable to ordinary shareholders/2 + the addition of total equity attributable to ordinary shareholders arising from issuance of new shares or conversion of debt into equity during the Reporting Period * the number of months from the next month immediately after the addition of total equity to the end of the Reporting Period/number of months during the Reporting Period – the reduction of total equity attributable to ordinary shareholders arising from repurchase of shares or dividend distribution during the Reporting Period * the number of months from the next month immediately after the reduction of total equity to the end of the Reporting Period/number of months during the Reporting Period) on an annualised basis.

(3) Calculated by dividing the sum of depreciation and amortisation (excluding depreciation and amortisation of aircraft held for operating lease business), staff costs and other operating management related expenses by the total revenue and other income, gains or losses.

(4) Calculated by dividing profit before income tax and provision for the period by the total revenue.

(5) Calculated by dividing profit for the period by the total revenue.

(6) Calculated by dividing interest income by the average balance of interest-earning assets on an annualised basis. Interest income is the sum of income from finance lease business, and interest income from entrusted loans and other loans. Interest-earning assets consist of receivables from finance lease business, entrusted loans and other loans (excluding assets related to other business such as operating leasing business). Average balances are calculated based on balances as at the end of last year and the end of the current period. In this report, the balances of interest-earning assets used in such calculation represent the balance of receivables from finance lease business, and entrusted loans and other loans before deduction of allowances for impairment losses.

(7) Calculated by dividing income from finance lease business by the average balance of receivables from finance lease business on an annualised basis. The average balance of receivables from finance lease business represents the average balance of receivables from finance lease business before deduction of allowances for impairment losses as at the end of last year and the end of the current period.

(8) Calculated by dividing interest expenses by the average balance of interest-bearing liabilities on an annualised basis. Interest-bearing liabilities consist of borrowings, bonds payable, business deposits and notes payable, excluding the interest-bearing liabilities related to other business such as operating leasing business. Average balances are calculated based on balances as at the end of last year and the end of the current period. In this report, the balances of borrowings and bonds payable used in such calculation represent the outstanding principal amounts of such borrowings and bonds payable.

(9) Calculated as the difference between the average yield of interest-earning assets and the average cost of interest-bearing liabilities (excluding other business such as operating leasing business).

(10) Calculated by dividing net interest income (excluding other business such as operating leasing business) by the average balance of interest-earning assets calculated based on balances as at the end of last year and the end of the current period on an annualised basis.

(11) Calculated by dividing total liabilities by total assets.

(12) Calculated by dividing total debt by total equity. The total debt consists of borrowings and bonds payable.

(13) Represented the percentage of NPAs in the balance of interest-earning assets before deduction of allowances for impairment losses.

(14) Calculated by dividing allowances for impairment losses for interest-earning assets by the balance of non-performing interest-earning assets.

Chairman's Statement

Ding Xueqing
Chairman and Executive Director

In the first half of 2024, global economic recovery was uneven, while worldwide geopolitical crises persisted. Inflationary pressures persisted, along with increased volatility in international financial markets. Global economic growth has stalled under pressure. In the first half of 2024, the Chinese economy exhibited signs of recovery. As the macroeconomic policy incentive expanded, the impacts of policies gradually became apparent. The development of new quality productive forces was accelerated, and the internal driving force for economic growth was strengthened, resulting in a development pattern of overall stability, active new driving forces, higher efficiency, and social stability.

The Group is committed to the full implementation of the spirit of the 20th CPC National Congress and the development under the leadership of Party building. We adhered to the main line of serving national strategy, the fundamental purpose of financial services to serve the real economy, the business philosophy of "pragmatism, exploration, stability and excellence", the deepening of industrial transformation, and the business investment in the Five Major Sectors, being technology finance, green finance, inclusive finance, pension finance, and digital finance, in order to contribute to the establishment of a modern industrial system in China. The Group's business investment and asset structure were further optimised, and our industrial development made steady progress. For the six months ended June 30, 2024, the Group realised total revenue of RMB3,725.4 million and profit for the period of RMB812.2 million, representing a slight increase in profit for the period as compared with the same period last year. As at June 30, 2024, the Group's total assets amounted to RMB113,081.9 million, and our total equity amounted to RMB20,192.8 million. The NPA ratio was 1.15%, while the allowance coverage ratio for NPAs was 297.55%, indicating that asset quality was stable and under control.

The Group insisted on providing leasing services, seized the opportunities presented by the transformation and upgrading of traditional industries, accelerated the construction of a modern industrial system, and continued to strengthen development in various industry segments by strengthening strategic and systematic planning centred on the areas encouraged by the plan for the Five Major Sectors of finance to serve the development of new quality productive forces. In the first half of 2024, we capitalised on the advantages of inclusive financial leasing products and were successfully selected as a pilot financial institution for the Shanghai Inclusive Financial Advisor System, which aims to enhance the quality and effectiveness of financial leasing services to support the real economy. We insisted on innovation-driven growth and accelerated the launch of innovative products. We designed and developed elderly home care equipment leasing products and low-altitude economy solutions after conducting extensive research on emerging and future industries. We also launched Haitong Unitrust co-branded customised vehicles and successfully implemented a satellite leasing project, promoting the industrial development of commercial spaceflight. We proactively responded to the national policies, formulated a development plan for direct leasing business, reshaped our direct leasing management system. We carried out a study on large-scale equipment renewal in a timely manner, elaborately designed and released the "Renewal Lease", a large-scale equipment lease renewal product of Haitong Unitrust for the year of 2024, and strived to strengthen direct leasing business layout. We have effectively strengthened our support for technology innovations and inclusive finance for MSEs. Our innovative AI computing power leasing project was selected as a "2023 Shanghai Technology Leasing Innovation Case", while our new energy two-wheel battery swap project was selected as a "2023 Shanghai Inclusive Leasing Innovation Case", which demonstrate our innovations and expertise in technology leasing and inclusive leasing.

The Group continued to optimise liability structure and reduce financing costs. In the first half of 2024, the average cost of our interest-bearing liabilities was 3.53%, representing a further decrease of 0.12 percentage points as compared with the same period last year, and the net interest spread was 3.16%, representing an increase of 0.10 percentage points as compared with the same period last year. At the same time, we vigorously promoted the digitalisation process, expanded the breadth and depth of the application of financial technology tools, improved the level of refined management, and continued to optimise the management throughout the entire business process, in order to improve the efficiency of our comprehensive management and push the Group to achieve cost savings and efficiency gains. We received the "Outstanding Sponsor in Asset Securitisation Business" and "Outstanding Sponsor in Innovative Asset Securitisation Business" for the year 2023 issued by the Shanghai Stock Exchange, as well as "Best Capital Market Sponsor Award in Financial Leasing Industry" and "Best Capital Market Innovation Award for Serving National Strategy" issued by the Shanghai Financial Leasing Industry Association at the 2023 Golden Spring Awards. We participated in the compilation of the "China Bond Financial Leasing Index Series", assisting in the healthy growth of the leasing industry.

The Group has implemented a comprehensive risk management system, optimised risk control measures, strengthened compliance and internal control management, and promoted the development of a full-cycle management system for leased assets. We prioritised talent selection and cultivation and continued to build a high-quality cadre team, in order to actively reserve capable talents for industrial transformation and development and promote the Group's high-quality and sustainable development in an all-round way. Adhering to the sustainable development philosophy of "Long-lasting Mutual Trust Brings Together the Future" (恆久互信，融聚未來), the Group actively fulfilled its corporate social responsibility and continuously improved its ESG management. The Group has always prioritised the returns to the Shareholders. The Board has recommended the distribution of an interim dividend for 2024 of RMB0.43 (tax inclusive) per 10 shares to share the fruits of development with the Shareholders. In the first half of 2024, we were named one of the "Top 100 Key Enterprises in Huangpu District, Shanghai in 2023" and received the "Pegasus Award for Investor Relations Management for Listed Companies in Hong Kong" in the 15th Pegasus Award for Investor Relations Management for Listed Companies in China, which was organised by the Securities Times, and the "Best ESG Performance Award" in the "China Financial Market Awards 2023" issued by the China Financial Market Magazine in Hong Kong.

At last, on behalf of the Board, I would like to express my sincere gratitude to our Shareholders, clients, business partners and other parties for their continuous trust and support. In the future, we will continue to carry forward the corporate spirit of "Pursue self-motivation", vigorously build up our expertise, strengthen Haitong Unitrust's brand influence, cultivate new advantages in industrial development, and gather new momentum for high-quality development, in order to enhance the overall value of the Group.

DING Xueqing
Chairman and Executive Director
August 29, 2024

Management Discussion and Analysis

1. OPERATION OVERVIEW

Macroeconomy

In the first half of 2024, the overall external environment became more complex and harsh. Global geopolitical tensions increased, and the driving forces for global economic growth weakened. Inflation in certain developed countries has fallen from high levels but remained challenging. Economic growth and monetary policies in major economies have varied, while trade protectionism has grown stronger. The uncertainties surrounding global economic growth increased.

China's economic operation started off remarkable in the first half of 2024, with consistent growth in output and supply, steady rise in market demand, and stable employment rate and living expenses. Technological innovations continued to support high-quality development, ushering in a trend of high-end, intelligent, and green transformation in the manufacturing industry. The development of new quality productive forces was accelerated. China's GDP for the first half of 2024 was RMB61,683.6 billion, representing a year-on-year increase of 5.0%. The added value of its primary, secondary and tertiary industries grew by 3.5%, 5.8% and 4.6%, respectively, year-on-year. National fixed asset investment (excluding rural households) was RMB24,539.1 billion, representing a year-on-year increase of 3.9%. By sector, investment in infrastructure increased by 5.4%, and investment in the manufacturing industry by 9.5%. Investment in high-tech industries increased by 10.6% year-on-year, of which investment in high-tech manufacturing and high-tech services increased by 10.1% and 11.7%, respectively. The added value of industries above designated size in China increased by 6.0% year-on-year, of which the added value of the equipment manufacturing industry increased by 7.8%, the added value of the high-tech manufacturing industry increased by 8.7%, and the output of 3D printing equipment, new energy vehicles and integrated circuit products increased by 51.6%, 34.3% and 28.9%, respectively, year-on-year. The equipment manufacturing industry played an important supporting role, as evidenced by the rapid growth of industrial output.

In the first half of 2024, China's macroeconomic policy maintained the cornerstone of prioritising stability while pursuing progress. The real economy's financing costs have decreased as a result of the combined efforts of prudent monetary policy and proactive fiscal policies. In the first half of this year, the People's Bank of China reduced the required reserve ratio by 0.5 percentage points and the interest rate on the Refinancing to Support Agriculture and Small Businesses and the rediscount interest rate by 0.25 percentage points, and reduced the quoted loan prime rate (LPR) for loans with a maturity of more than five years by 0.25 percentage points. The weighted average interest rate on newly granted corporate loans in June 2024 was 3.65%, which was 32 basis points lower than that for the same period last year and a record low. As at June 30, 2024, the aggregate financing to the real economy stood at RMB395.11 trillion, representing an increase of 8.1% year-on-year, of which the balance of RMB loans granted to the real economy was RMB247.93 trillion, representing an increase of 8.3% year-on-year. Medium- and long-term loans to the manufacturing industry grew by 18.1% year-on-year, of which the medium- and long-term loans to the high-tech manufacturing industry and to niche enterprises increased by 16.5% and 15.2%, respectively, year-on-year, all higher than the growth rate of all loans during the same period. The credit structure continued to be optimised.

Regulatory Environment

In the first half of 2024, the National Financial Regulatory Administration issued the Administrative Measures for Financial Leasing Companies (Exposure Draft) (《金融租賃公司管理辦法(徵求意見稿)》), which states three major regulatory guidelines, focusing on leasing business, adhering to strict access standards and regulatory requirements, and preventing and controlling financial risks, and serves as an important reference for the operational compliance of the financial leasing industry. In March 2024, the State Council issued the Action Plan for Promoting Large-Scale Equipment Renewal and Consumer Goods Trade-In (《推動大規模設備更新和消費品以舊換新行動方案》), which specifies detailed measures centring around four programs including equipment renewal, consumer goods trade-in, recycling, and standard enhancement and is conducive to the revitalisation of domestic demand as well as macroeconomic recovery and improvement in China. Strict regulation has created an orderly external safeguard for the healthy development of the financial leasing industry, while demand expansion offers a solid market basis for the development of finance lease business. Financial leasing enterprises, serving as a link between financial services and the real economy and insisting on providing leasing services, have a promising market prospect for assisting in upgrading the manufacturing industry and supporting high-end, intelligent, and green industrial development.

Industry Conditions

Under the guidance and requirements of regulatory policies, all provinces and cities in China have vigorously shut down and rectified those leasing enterprises which were not operating normally. In terms of the number of enterprises, as at the end of March 2024, the total number of financial leasing enterprises in China was approximately 8,791, representing a decrease of 60, or 0.68%, from 8,851 as at the end of last year. In terms of total business volume, the balance of financial leasing contracts in China amounted to approximately RMB5,615 billion, representing a decrease of RMB25 billion, or 0.44%, from RMB5,640 billion as at the end of 2023. The decline in the number of enterprises and total business volume was mostly seen in foreign-owned leasing enterprises, while financial leasing enterprises and domestic leasing enterprises began to stabilise and expand. With the increasingly stringent domestic regulatory standards for financial leasing, the financial leasing industry as a whole is expected to grow steadily, creating new development opportunities. The year 2024 marks the 75th anniversary of the founding of the People's Republic of China, as well as a vital year for achieving the objectives and tasks for the 14th Five-Year Plan. China's macroeconomic regulation and control efforts have increased, and its economy has experienced more positive factors. New driving forces are gaining strength. The key areas involved in new quality productive forces such as green and environmental protection, strategic emerging industries, manufacturing, and computing power, are expected to experience new market growth, while also serving as new driving forces for financial leasing to serve the real economy.

2. DEVELOPMENT REVIEW

In the first half of 2024, the Group insisted on providing leasing services to support national strategy and real economy. Centred on the Five Major Sectors of finance, we continued to strengthen our presence in various industry segments and push the industrial transformation in order to contribute to the establishment of a modern industrial system in China.

Optimising Business Layout around Five Major Sectors under the Guidance of High-Quality Party Building

The Group continued to fortify the Party's comprehensive leadership, with high-quality development led by high-quality Party building, promoted the compatibility of Party building and business development, and firmly promoted the established policy of emphasising the advantages of industrial development, in order to maintain a focus on high-quality development. We emphasise social responsibility and closely followed national policy guidance to serve the development of China. The Group focused on our core business of providing leasing services. Following the development strategy of "One Body, Two Wings" and "One Big and One Small" and centred on the Five Major Sectors of finance, we strengthened our presence in various industry segments and actively adjusted business investment to optimise asset allocation. We followed the new trend of "technology finance" by accelerating research on strategic emerging industries and future industries and actively investing in "finance + spaceflight". We expanded our presence in new technologies, new industries, and new business forms in the field of technology finance to meet the whole life-cycle capital needs of new quality productive force organisations. In order to build our new advantages of "green finance", we actively developed green finance business assets such as industrial energy conservation, battery recycling and automobile recycling, and achieved strategic cooperation with leading integrators in the energy storage field. We broke a new ground of "inclusive finance" and vigorously pushed the development of the ecosystem for MSEs. We improved our inclusive finance business strategy, strengthened risk control for inclusive finance business, and preferred medium-, small-, and micro-sized enterprises with operational strengths and high-quality development potential for support. We developed new "pension finance" services and created the "elderly home care equipment leasing products" to cater to the financial service needs of high-quality integrated medical and nursing care institutions and healthcare equipment manufacturers, as well as products and solutions to serve high-end and inclusive elderly care organisations, and have successfully made investments in the relevant projects. We stimulated the new driving power of "digital finance", further deepened the computing power industry ecosystem, collaborated with over 100 organisations of digital finance and strengthened strategic partnerships with top computing power companies to help traditional IDCs evolve into intelligent computing centres. In the first half of 2024, we successfully implemented a satellite leasing project, realising a breakthrough in the field of commercial spaceflight. We were selected as a pilot financial institution for the Shanghai Inclusive Financial Advisor System for the provision of smooth financial advisory service channels for medium-, small-, and micro-sized enterprises, and fully supported the growth of technical enterprises through business innovations. Our AI computing power finance leasing innovation project, which was conducted through direct leasing, was selected as a "2023 Shanghai Technology Leasing Innovation Case", while our new energy two-wheel battery swap project was selected as a "2023 Shanghai Inclusive Leasing Innovation Case".

We strengthened the guiding function of asset allocation, developed forward-looking and practical asset allocation strategies, focused on strategic areas such as high-end equipment manufacturing, green leasing and digital economy, actively encouraged the expansion of vertically integrated industrial chains such as consumer electronics, new energy vehicles, smart grids, new materials and industrial equipment, and concentrating on cultivating industry segments such as intelligent computing power, new energy storage, hazardous waste treatment, and medical services. We actively supported new energy storage, energy conservation and environmental protection, green transportation and other key areas of "emission peak and carbon neutrality". As at June 30, 2024, the balance of our green leasing assets amounted to approximately RMB23.6 billion. With its size remaining stable and its share of total assets increasing, its position as a significant business segment and competitive industry within the Group has been further strengthened. We grasped the opportunities for the industrial chain upgrade and the increase in the demand for computing power brought about by the development of AI, and strengthened the development of digital economy industry chain business and computing power business. As at June 30, 2024, the balance of our digital economy assets exceeded RMB5 billion, representing an increase of 2% as compared with the end of last year, and their share of assets also increased. We have achieved positive results in computing power business. Committed to the "new blue ocean" for large-scale equipment renewal with our natural advantage of financing with capital + goods, we aggressively expanded our presence in the fields of equipment renewal business for energy conservation and carbon emission reduction, digital transformation, intelligent upgrading. In the first half of 2024, we were chosen as one of the first financing institutions to collaborate with the Economy and Information Technology Commissions in Shanghai and Chongqing for the "Special Technological Upgrade Loans". At the same time, we strengthened direct leasing business layout and practices, with asset distribution in key areas further improved, structure continuing to be optimised, and advantages remaining strong.

Facilitating Industrial Transformation and Development and Enhancing Internal Driving Forces through Cooperation and Exchange

The Group has facilitated industrial transformation and development, with a focus on exploring business opportunities with high-quality manufacturing enterprises and their upstream and downstream industrial clusters. We further expanded the industrial ecosystem, and strengthened the strategic cooperation with leading industrial enterprises, parks and manufacturers to promote the establishment of an industrial strategic ecosystem. The proportion of our industrial business investment continued to rise, and our industrial transformation process steadily moved forward. Deeply invested in the local advantageous industries, we made a list of three types of leading local targets, being local key industries, key industrial parks and key manufacturers, continued to enhance regional industry research, further strengthened industry-finance cooperation, and reinforced internal resource integration to create competitive advantages with regional characteristics, which effectively enhanced the market influence of Haitong Unitrust. We actively pursued the "One Haitong Unitrust" concept of coordinated development, and implemented the "Colourful Haitong Unitrust" coordinated special marketing incentive activities, in order to facilitate the precise and efficient expansion of synergistic business. In the first half of 2024, we successfully held the Haitong Unitrust Industrial Ecology High-Quality Development Promotion Conference, and upgraded and released multiple "Haitong Unitrust Partner" collaborative products such as UniFortune, MSEs, and environmental protection, in order to help collaborative products quickly gain market share. We reached strategic cooperation with insurance companies to jointly promote the coordination of financial resources and business innovations. We pushed "bank-leasing cooperation" and explored strategic opportunities for cooperation with banks on leasing to support the real economy. We attended the unveiling ceremony of the "one-stop" financial leasing service platform and the centralised signing ceremony of asset circulation in Lingang Special Area, Shanghai, with the transaction volume of our leasing asset circulation platform ranking among the top. We spearheaded the collaboration with ecological and environmental protection enterprises in Shanghai and worked with them to capitalise on the benefits of integrating industry and finance in order to better serve Shanghai's transformation into "Five Centres". Our UniFortune Subsidiary received the "2023 Pudong New Area Outstanding Economic Contribution Award" issued by Shanghai Pudong New Area People's Government.

Optimising Liability Structure to Reduce Financing Costs and Promote Industrial Transformation

The Group continuously expanded diversified and stable financing channels, actively explored innovative financing tools, and guided high-quality funds to support our industrial transformation and business development. We strengthened our relationship with banks and other financial institutions, allowing us to optimise loan conditions, reduce financing expenses, and maintain a healthy level of liquidity. As at June 30, 2024, the Group had established credit relationships with 66 financial institutions and obtained accumulative credit lines of approximately RMB110.2 billion, of which the unutilised credit balance was approximately RMB58 billion. In the first half of 2024, the Group was awarded "Outstanding Sponsor in Asset Securitisation Business" and "Outstanding Sponsor in Innovative Asset Securitisation Business" for 2023 issued by the Shanghai Stock Exchange, as well as three awards issued by the Shanghai Financial Leasing Industry Association at the 2023 Golden Spring Awards for Financing Innovation including "Best Capital Market Sponsor Award in Financial Leasing Industry", "Best Capital Market Innovation Award for Serving National Strategy" and "Best Innovative Financing Project Award".

As at June 30, 2024, the balance of indirect financing accounted for 52% of total financing, mainly including syndicated loans, bank loans for working capital, and other financing products; the balance of direct financing accounted for 48%, mainly including corporate bonds, medium-term notes, short-term commercial papers, ultra-short-term commercial papers, and asset-backed securities. The Group maintained a reasonable ratio of indirect financing to direct financing, while the cost of financing has been further reduced. The average cost of interest-bearing liabilities for the first half of 2024 was 3.53%, representing a decrease of 0.12 percentage points as compared with the same period last year.

Continuous Improvement of Comprehensive Risk Management System with Stable and Controllable Asset Quality

The Group continued to improve its comprehensive risk management system based on its prudent and proactive, full-cycle and full-process risk management philosophy. Efforts were made to improve the soundness of its management system and organisational structure, the reliability of its information system, the professionalism of its talent team, the effectiveness of its risk response mechanism and the diversity of its risk management culture. These efforts ensured the asset safety of the Company and the predictability, controllability and acceptability of its overall risks. We prioritised data-based, quantification-oriented, research-driven, and fintech-enabled features to significantly improve our comprehensive risk management competence and proactive risk management level. We also integrated various risk management practices into our business operations and supported the development of risk models and approval processes based on big data analysis, thereby improving our full-process risk identification and quantitative risk management capabilities. We have clarified the responsibilities for the management of public opinions for corporate customers and formulated related management workflow and rules. We established and improved an early risk warning mechanism of "early identification, early warning, early exposure, and early handling" based on our risk management system and intelligent early warning centre, which enriched the portfolio of our risk management tools along with risk management methods such as customer rating, high-risk customer list, and reporting of major risk events. We integrated massive data and reports and rebuilt an innovative one-stop risk management portal platform for management and business units in order to improve the efficiency of visual display and quantitative analysis of risk data.

The Group strengthened the in-depth integration of data analysis, IoT and asset management system to achieve centralised management of asset data and active identification of risks, and continued to explore the application of technology-enabled asset monitoring and early warning. We built an early project risk warning system by quantifying financial risk, public opinion risk, and leased asset risk, as well as multi-dimensional online and intelligent analysis by expanding the types of IoT GPS early warning models and wristband early warning models, and introducing an external public opinion system, so as to continuously improve the real-time monitoring and proactive risk management capability for the leased assets of MSEs and retail customers. Furthermore, the Group has enhanced its risk prevention and management capabilities by proactively managing asset allocation, responding quickly to and resolving risk events, aggressively pursuing innovative asset disposal strategies, and continually improving asset disposal activities. During the Reporting Period, the asset quality of the Group remained stable. The asset structure was further optimised, and the NPA ratio remained at a safe and manageable level, suggesting strong risk resistance. As at June 30, 2024, the NPA ratio and allowance coverage ratio for NPAs of the Group were 1.15% and 297.55%, respectively.

Strengthening the Compliance Management System and Consolidating the Foundation for Compliance Management

The Group continued to adhere to our compliance concept of “compliance in operation and of all employees and the management, as compliance is vital for creation of value and fundamental for the existence of the Company”. We strengthened compliance management by enhancing the institutional system, institutional rules, and institutional implementation oversight to improve compliance governance capabilities. The Group continued to closely monitor the changes in regulatory polices affecting the financial leasing industry, and strengthened the integration of its business and policies. The Group also continued to monitor the implementation of various systems through measures such as compliance review, compliance inspections, compliance assessment and compliance reports, and effectively implemented the principle of managing employees and matters in line with the systems. The Group prioritises the development of compliance awareness among its employees. It keeps all employees up to date on the latest laws, policies, and regulatory changes by publishing internal magazines on a monthly basis, such as the Monthly Bulletin of Regulatory Developments. In the first half of 2024, in accordance with the regulatory requirements and in light of the actual situation, the Group continued to promote the revision of compliance management-related systems, in order to improve the compliance management system and to implement the compliance management concepts. By conducting rule lectures, case exchanges, special training, and new employee training, we aim to effectively enhance employees’ compliance awareness in operations and support the high-quality development of the Company.

Continuously Increasing Investment in Financial Technology and Steadily Improving ESG Management

The Group focuses on improving the online and automated levels of its whole business process, as well as leveraging the power of fintech to fully support its development and achieve quality improvement, cost reduction, and efficiency enhancements. In the first half of 2024, we accelerated the building of our mobile terminal and significantly expanded the mobile terminal operation coverage of our core business. By optimising and upgrading our Internet customer acquisition App and intelligent business assistant, we enhanced the efficiency of our mobile customer acquisition and business development. We strengthened our risk control system by developing access and permission models, as well as intelligent due diligence and fraud detection AI algorithms to improve the efficiency of risk identification and clearance. We further optimised our e-signing platform and introduced new features such as aberrant signing alert to reduce the legal risk of e-signing while expanding its application area. We expanded the use of IoT technology in asset monitoring, implemented intelligent certificate management, and improved leased asset management and risk control capabilities. We upgraded our asset management system to optimise the full-process closed-loop management of the assets of the Company. We utilised digital technology to fully empower our entire business process, from the identification of potential customers to business introduction, project due diligence, credit review, contract signing, capital investment, post-lease operation, asset management, and other processes, ensuring our comprehensive and efficient business operation.

Adhering to the sustainable development philosophy of "Long-lasting Mutual Trust Brings Together the Future", the Group actively fulfilled its corporate social responsibility and steadily improved its ESG management. We actively participated in public welfare and charitable activities. We signed an assistance agreement with Lancang Lahu Autonomous County in Pu'er City, Yunnan Province and donated RMB500,000 to the renovation and upgrading project of Gaixin Village, Donghui Town to assist in the rural revitalisation. We carried out the "First Greeting" initiative in Huangpu District, Shanghai, which aims to care for young people and help students in poverty, and made a donation of RMB30,000. We closely monitor the most recent ESG regulatory rules and information disclosure requirements, have developed sustainable development planning goals, and have implemented corresponding management improvement measures to promote the sustainability of the Company's operations through comprehensive and continuous ESG management, and are committed to achieving better economic benefits and creating more meaningful social value. In the first half of 2024, we conducted training on sustainable development planning and ESG management improvement actions for 2024 in respect of the latest ESG policy guidelines and ESG action planning, and won the "Best ESG Performance Award" in the "China Financial Market Awards 2023" issued by the China Financial Market, a well-known financial magazine in Hong Kong.

3. OPERATION OUTLOOK

Looking ahead to the second half of 2024, the global economic recovery is expected to be sluggish due to various factors, including international geo-economic competition, declining but still challenging global inflation, and high expectations for interest rate cuts by the Federal Reserve. However, innovative strategies and emerging industries may present significant opportunities for sustainable growth and propel the global economy to a new norm. China will continue to maintain a general tone of seeking progress while maintaining stability, fully leverage the driving power of economic system reform, stimulate development vitality, change the development methods, and create space for growth. The Chinese government will continue to implement proactive fiscal policies and prudent monetary policies to implement the requirements for high-quality development throughout the entire process of new industrialisation. It will make significant efforts to change methods, adjust structures, improve quality, and increase efficiency, expand effective investment in the manufacturing industry, develop new quality productive forces according to local conditions, and continuously consolidate and strengthen the positive trend of economic recovery.

In the second half of 2024, the Group will strictly follow national strategy, insist on providing leasing services to meet the needs of the real economy, and strengthen strategic and systematic planning for appropriate sectors for lease in the Five Major Sectors. We will continue to optimise the asset structure, strengthen direct leasing business layout, expand the results of industrial transformation, create regional business advantages, accelerate the construction of financial technology system, improve the quality and efficiency of asset management and control, and effectively promote business growth. The Group seeks to maintain our leading position and competitive strengths by implementing the following initiatives to foster professional, high-quality, and sustainable development.

Accelerating Industrial Transformation and Development and Continuously Optimising Asset Structure

We will continue to implement the "One Big and One Small" customer development strategy, insist on providing leasing services, and further optimise the asset structure. Centred on the Five Major Sectors of technology finance, green finance, inclusive finance, pension finance, and digital finance to support the real economy, we will continue to strengthen our presence in various industry segments while gathering momentum from an investment banking perspective to accelerate industrial transformation and business development. We will seize the opportunities arising from China's large-scale equipment renewal policy, step up efforts to promote investment in the equipment renewal business, actively expand the business growth from new quality productive force equipment manufacturers, and generate new momentum for business development. We will develop business from the perspective of leased assets and strengthen direct leasing business layout. We will further explore the financial leasing needs of high-quality enterprises in the fields of advanced manufacturing, green energy, digital economy, and ecological and environmental protection, continuously accumulate industry knowledge, innovate business models, and promote high-end, intelligent and green development of the manufacturing industry in order to contribute to the establishment of a modern industrial system in China. To meet the needs of our customers, we will work to effectively leverage our advantages in the integration of industry and financing to develop specialised and distinctive financial leasing services, promote broad strategic cooperation among various parties in the industrial ecosystem, and enhance the Group's core competitiveness in all aspects for high-quality development. We will actively carry out all-round joint marketing activities with Haitong Securities and its branches, share customer resources with them, and jointly serve customers throughout their life cycle. We will capitalise on our advantages in financing with capital + goods, actively respond to China's call to support medium-, small-, and micro-sized enterprises and the real economy, and increase the value of customers' core equipment. We will continue to work closely with core high-quality manufacturers, actively explore diverse financial service methods, and create a favourable ecosystem for development.

Expanding Marketing Network and Creating Regional Characteristic Industry Advantages

We will maintain our commitment to the objectives of "serving the local economy, serving business enterprises, and serving regional characteristics," broaden our marketing network of "One Body, Two Wings", expand our business in industries with regional characteristics, and expedite regional business expansion to establish regional business advantages. We will continue to enhance cross-industry and cross-region collaboration and facilitate the integration of our business headquarters, business departments, branches, and subsidiaries in product research and development, marketing channel, and customer resources, in order to support the Group's long-term business development and breakthroughs.

Our business headquarters will continue to study the trend and logic of industrial financing, strengthen the transformation mechanism for the cultivation and incubation of industrial ecology into business results, vigorously develop business in the fields of advanced manufacturing, green energy, digital economy, ecological and environmental protection, and actively promote the business investment in high-end equipment manufacturing, new energy storage, energy conservation and environmental protection, and intelligent computing power. Meanwhile, our business headquarters will seize the opportunities arising from the equipment renewal policy, actively meet the equipment renewal needs in key fields, strengthen exchanges and collaboration with leasing peers and industry partners, and actively build a financial leasing ecosystem to realise mutual benefits and win-win sharing. Our branches will continue to prioritise the development and cultivation of local resources, target leading regional industries, industrial parks and manufacturers, conduct in-depth research on local markets, and actively build an ecosystem for the growth of local characteristic industries. We will persist in our efforts to push and optimise the comprehensive joint offices of branches, facilitate integrated business development through regional joint offices, support branches in the introduction and promotion of superior products of business headquarters and subsidiaries, fully capitalise on the synergies of the expertise and regional resources of "One Haitong Unitrust", and continuously build a moat for the development of our regional characteristic industries.

Our subsidiaries will persist on providing leasing services, extend product offerings and promote product upgrades, thereby supporting the real economy's recovery and growth. MSE Subsidiary will adhere to the mission of "focusing on industrial ecosystem to support MSEs" and the concept of "caring for and fulfilling responsibilities to MSEs", and develop new business strategies for MSEs. It will actively pursue differentiated competition modes and continue to strengthen its presence in fields including high-end equipment manufacturing for MSEs, construction machinery for MSEs and healthcare for MSEs based on equipment age, in order to provide comprehensive financial services to customers at various levels and continuously improve the market competitiveness of the Haitong Unitrust brand among MSEs. UniFortune Subsidiary will provide comprehensive services to customers in the transportation and logistics sector, enhance its presence in the ecological business sector across the transportation and logistics industry chain, and foster strategic partnerships with shared travel aggregation platforms. It will explore the business collaboration with the core cargo source enterprises, large-scale vehicle manufacturers, logistics companies and other enterprises in the modern logistics industry, and expand its presence in green energy including photovoltaic, storage, charging and swapping scenarios, so as to further improve the integrated industrial ecosystem of transportation and energy.

Strengthening Comprehensive Risk Management and Refining Compliance Control

Risk management is an important concern of the Group in its daily operations. The Group has established a comprehensive risk management system. Under the leadership of the Risk Management Committee of the Board, rules are developed to clarify the responsibilities of the risk management department, credit approval department, compliance department, treasury management department, commerce department and other relevant departments to achieve coordinated management of key links in risk management process, thereby enhancing the overall risk management level of all employees. We will continue to enhance our ability to accurately identify, prudently assess, dynamically monitor and timely respond to risks by continuously optimising our risk management system and processes, and further improve our quantitative risk management capability by continuously optimising our risk management model. By strengthening asset inspections and reviews and enhancing the technological support for asset management, we will continue to improve our ability to prevent and resolve risks, ensure asset safety, and further reinforce our overall risk management and control capabilities.

We will closely monitor the changes in the regulatory environment, strictly follow regulatory industry policies, increase our proactive awareness of risk management and compliance management, and effectively implement risk monitoring, prevention and response measures to improve risk management and compliance management. We will continue to optimise our compliance management system and improve the evaluation mechanism for compliance management effectiveness, in order to refine the Group's compliance control.

Optimising the Efficiency of Asset and Liability Allocation and Sticking to the Bottom Line of Liquidity Risk

The Group will promote innovations in financing tools and models through continuous expansion of financing channels, and steadily optimise credit conditions and channel reserves, in order to keep financing costs at a reasonable level. We will further improve the construction of the asset and liability system, increase the efficiency of asset and liability allocation, continue to improve the quality and efficiency of capital management, and strengthen the automation and intelligence levels of financing, fund settlement, and liquidity risk management.

Under the framework of our comprehensive risk management system, the Group will fully utilise liquidity risk management and monitoring indicators such as asset and liability duration gap, and strengthen our active management capability of liquidity risk using a variety of tools such as stress tests and sensitivity analyses. We will always stick to the bottom line of liquidity risk to ensure that our capital operation meets the standards for safety, liquidity and profitability.

Accelerating the Development of Financial Technology System and Driving Continuous Digital Upgrades

The Group will continue to make strategic investments in the development of financial technology, expand the application of technology tools such as big data, IoT and artificial intelligence in various business scenarios, respond quickly to changes in business needs, improve the construction of business management platforms, use technology tools to quantitatively analyse the Company's operating performance and support the Company's operation and management in all aspects. We will continue to promote refined and automated management to facilitate the Company's business, reduce operational costs and increase efficiency, as well as efficiently minimise operational risks and improve compliance management. We will continue to strengthen the construction of systems for capital usage, finance, operations, data quantification, and report analysis, as well as the efficiency and quality of the Group's operations and management, and accelerate the process of digital transformation.

We will steadily push the digital development of our middle office system, realise the integrated management of the front, middle and back offices by reconstructing the business middle office, finance middle office and operation middle office, and strengthen management ability to provide stronger support for decision-making and analysis. We will optimise and improve the one-stop risk management portal platform that can be directly used by management and various business units, so that the Group's risk indicators can be successfully managed. We will further strengthen our IoT monitoring capability to realise the integrated monitoring to improve the accuracy of early warning, improve our IoT risk warning and handling mechanism, standardise the entire process of IoT risk warning operation, increase the efficiency of risk handing, and drive the Group's steady growth through the continuous upgrading of "informationisation — digitalisation — intelligence".

Optimising Talent Cultivation System to Promote Harmonious and Sustainable Development

Our experienced and visionary management team and advanced talent management system are important competitive advantages which ensure the Group's continual growth and leading position in the financial leasing industry. We will implement talent management in compliance with the principles of the Party and undertake the primary responsibilities of building talent team. Structure of the talent teams will be enhanced with equal emphasis on quality and scale, and a comprehensive talent training system will be established to support the development of the Company. Both incentives and constraints will be implemented to motivate the vitality of talents. By continuously upgrading our talent competence model, we will optimise the construction of external talent pool and actively pursue outstanding talents in professional domains with different backgrounds. By further improving the Company's human resources management system and optimising our training management system, we will continue to carry out the "Sailing Program" (遠航項目) for cadre training, the "Set Sail Program" (啓航項目) for supervisor training and the "Operation Sailing" (揚帆行動) for youth talent training. We will build the "Haitong Unitrust Lecture Hall" brand to support the rapid growth of the talent pool, expand the campus talent supply chain from the internship program "Starry Program" (繁星計劃) to the management trainee program "Stellar Program" (恆星計劃), and continue to selectively introduce and cultivate outstanding talents to strengthen our talent team.

We will accelerate the building of digital human resource and develop implementation plans and action initiatives for the development of digital human resource systems to support strategic decision-making. We will further strengthen the competitive advantages of our remuneration and welfare system as well as our employee incentive system, in order to attract, retain and motivate top talents in the industry, boost internal talent exchanges, and improve talent cohesion. We will maintain our market-oriented position system and staff promotion mechanism, provide a career advancement platform, and create a realistic and seamless career development route. We will continue to optimise the long-term mechanism for performance appraisal and compensation incentives to align with the Company's long-term development goals and employee career advancement. We will strive to stimulate human resource initiatives and the career aspirations of talents, so as to effectively improve employees' sense of achievement and gain.

4. ANALYSIS OF INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Overview of Interim Condensed Consolidated Statement of Profit or Loss

In the first half of 2024, the Group realised total revenue of RMB3,725.4 million, representing a decrease of 13.1% as compared with RMB4,285.8 million for the same period last year, and realised profit for the period of RMB812.2 million, representing a slight increase as compared with RMB807.6 million for the same period last year.

The following table summarises our consolidated results of operations for the periods indicated:

	For the six months ended June 30,		
	2024	2023	Changes
	(RMB in millions)		
Total revenue	**3,725.4**	4,285.8	(13.1%)
Net investment losses	**(13.6)**	(40.6)	N/A
Other income, gains or losses	**316.7**	299.2	5.8%
Losses from derecognition of financial assets measured at amortised cost	**—**	(16.8)	N/A
Total revenue and other income, gains or losses	**4,028.5**	4,527.6	(11.0%)
Depreciation and amortisation	**(194.4)**	(191.0)	1.8%
Staff costs	**(400.2)**	(459.9)	(13.0%)
Interest expenses	**(1,633.5)**	(1,850.4)	(11.7%)
Other operating expenses	**(154.4)**	(182.6)	(15.4%)
Impairment losses under expected credit loss model	**(548.2)**	(723.3)	(24.2%)
Other impairment losses	**(9.0)**	(8.3)	8.4%
Total expenses	**(2,939.7)**	(3,415.5)	(13.9%)
Profit before income tax	**1,088.8**	1,112.1	(2.1%)
Income tax expenses	**(276.6)**	(304.5)	(9.2%)
Profit for the period	**812.2**	807.6	0.6%
Earnings per share attributable to ordinary shareholders of the Company (RMB yuan/share)			
— Basic	**0.09**	0.09	
— Diluted	**N/A**	N/A	

Revenue

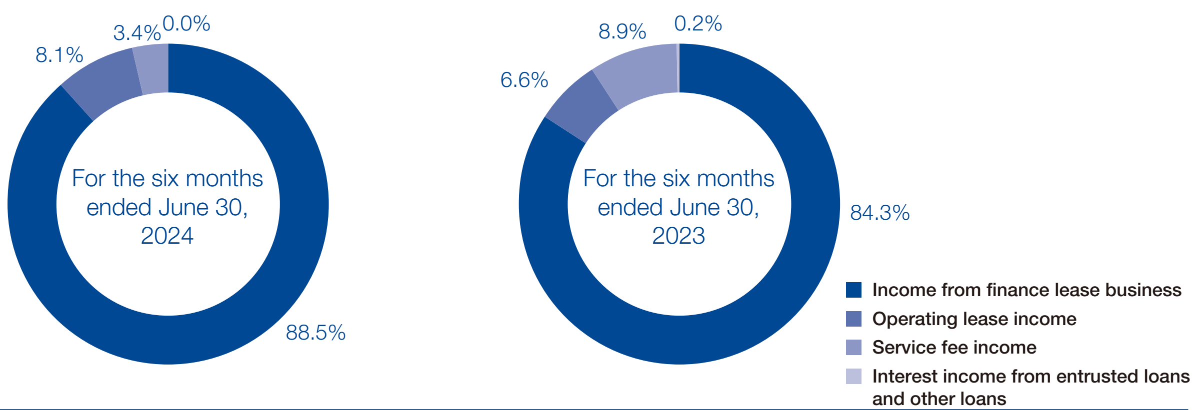
In the first half of 2024, the Group realised total revenue of RMB3,725.4 million, representing a decrease of 13.1% as compared with RMB4,285.8 million for the same period last year, which was mainly due to the decrease in the Group's income from finance lease business and service fee income as compared with the same period last year.

The following table sets forth the contribution of each business line to our total revenue for the periods indicated:

	For the six months ended June 30,				
	2024	**% of total**	2023	% of total	Changes
	(RMB in millions, except percentages)				
Income from finance lease business(Note)	**3,294.1**	**88.5%**	3,613.3	84.3%	(8.8%)
Operating lease income	**302.3**	**8.1%**	281.5	6.6%	7.4%
Service fee income	**127.6**	**3.4%**	383.3	8.9%	(66.7%)
Interest income from entrusted loans and other loans	**1.4**	**0.0%**	7.7	0.2%	(81.8%)
Total revenue	**3,725.4**	**100.0%**	4,285.8	100.0%	(13.1%)

Note: Income from finance lease business includes finance lease income and interest income from sale and leaseback arrangements.

Percentage of total revenue



In the first half of 2024, income from finance lease business decreased, mainly due to the decline in the average balance of receivables from finance lease business, as a result of the complex and volatile domestic and international economic environments, as well as lack of effective external demand, while the Group continued to optimise asset allocation. Operating lease income increased, mainly due to the increase in rental income as a result of the accelerated recovery of the global aviation industry. Service fee income decreased, mainly due to the decrease in customers' demand for advisory services. Interest income from entrusted loans and other loans decreased, which was mainly because the Group did not make new investments in such business.

The following table sets forth the average balance of interest-earning assets, interest income and average yield for the periods indicated:

	For the six months ended June 30,					
	2024			2023		
	Average balance of interest-earning assets(1)	**Interest income(2)**	**Average yield(3)**	Average balance of interest-earning assets(1)	Interest income(2)	Average yield(3)
	(RMB in millions, except percentages)					
Total	**98,455.7**	**3,295.5**	**6.69%**	107,864.1	3,621.0	6.71%

(1) Represents the average balance before deduction of allowances for impairment losses for receivables from finance lease business, as well as entrusted loans and other loans at the end of last year and the end of the current period.

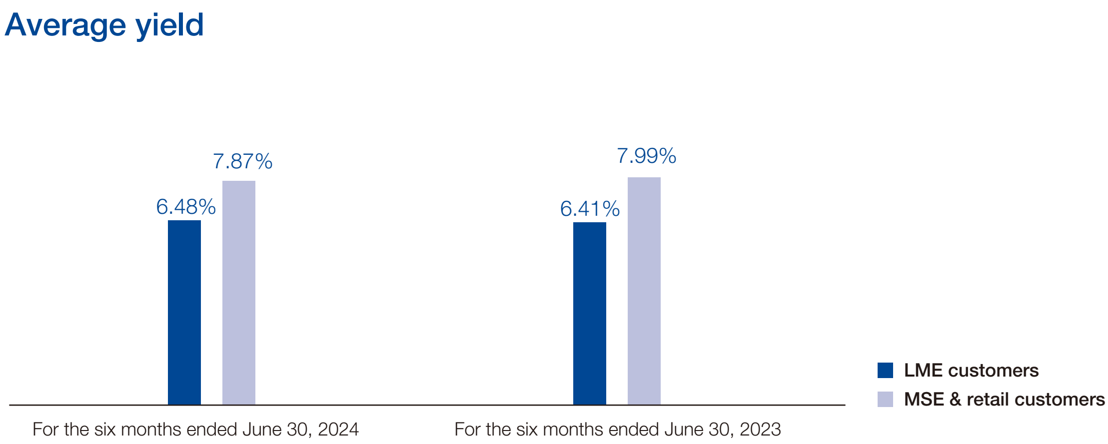
(2) Consists of income from finance lease business, and interest income from entrusted loans and other loans.

(3) Calculated by dividing the sum of income from finance lease business and interest income from entrusted loans and other loans by the average balance of interest-earning assets on an annualised basis.

Customer analysis

We have a broad customer base. Our customers include LME customers, MSEs(Note) & retail customers.

The chart below illustrates the average yield by type of customer for the periods indicated:



In the first half of 2024, the average yield of the Group was 6.69%, representing a slight decrease as compared with the same period last year. The decrease was mainly because China's macro monetary policy remained moderately loose and the average market interest rate decreased, while the Group optimised its industrial layout and supported the development of the real economy in response to national policies by lowering the financing costs of customers in the real economy.

(Note) MSEs refer to enterprises which have annual revenue of RMB100 million or below and have entered into any contract with us in a net financing amount of no more than RMB10 million. The amount of RMB10 million mentioned above is consistent with the limit of loans to MSEs stipulated by the National Financial Regulatory Administration (previously known as the CBIRC) (single credit of no more than RMB10 million (inclusive)).

Income from finance lease business

In the first half of 2024, the Group recorded income from finance lease business of RMB3,294.1 million, representing a decrease of 8.8% as compared with the same period last year, mainly due to a decline in the average balance of receivables from finance lease business, as a result of the complex and volatile domestic and international economic environments, as well as lack of effective external demand, while the Group continued to optimise asset allocation. The Group insisted on providing leasing services and continued to increase the proportion of income from finance lease business. Income from finance lease business accounted for 88.5% of total revenue of the Group in the first half of 2024. The Group proactively adapted to the recent economic development, insisted on supporting the real economy, continued to deepen industrial transformation to contribute to the development of a modern industrial system in China, and further optimised the structure of asset investments.

Operating lease income

In the first half of 2024, the Group realised operating lease income of RMB302.3 million, representing an increase of 7.4% as compared with the same period last year, mainly due to the increase in rental income as a result of the accelerated recovery of the global aviation industry. The net lease yield of the aircraft operating lease business of the Group was 8.44%.

As at June 30, 2024, the Group owned 17 aircraft (including seven Airbus narrow-body aircraft, two Airbus wide-body aircraft and eight Boeing narrow-body aircraft) with a total net carrying amount of approximately US$712.0 million (equivalent to approximately RMB5,074.6 million). In addition, the Group undertook to purchase one aircraft with an estimated market value of approximately US$37.70 million. In the first half of 2024, the Group did not dispose of any aircraft assets. The following table sets forth the details of the aircraft operating lease business:

	Number of aircraft		
Model	**Self-owned aircraft**	**Aircraft purchased under commitment**	**Total**
Airbus A320	5	0	**5**
Airbus A321	2	0	**2**
Airbus A350	2	0	**2**
Boeing B737-800	8	1	**9**
Total	17	1	**18**

Service fee income

We provide various advisory services to customers. In the first half of 2024, the Group recorded service fee income of RMB127.6 million, representing a decrease of 66.7% as compared with the same period last year, mainly due to the decline in customers' demand for advisory services. Service fee income was mainly from advanced manufacturing, energy and environmental protection, construction, culture and tourism, transportation and logistics industries.

Interest income from entrusted loans and other loans

In the first half of 2024, the Group recorded interest income from entrusted loans and other loans of RMB1.4 million, representing a decrease of 81.8% as compared with the same period last year. The decrease was mainly because the Group did not enter into new entrusted loans and other loans business.

Other income, gains or losses

In the first half of 2024, other income, gains or losses of the Group was RMB316.7 million, representing an increase of 5.8% as compared with the same period last year.

Expenses

The following table sets forth the breakdown of our expenses for the periods indicated:

	For the six months ended June 30,		
	2024	2023	Changes
	(RMB in millions)		
Depreciation and amortisation	**194.4**	191.0	1.8%
Staff costs	**400.2**	459.9	(13.0%)
Interest expenses	**1,633.5**	1,850.4	(11.7%)
Other operating expenses	**154.4**	182.6	(15.4%)
Impairment losses under expected credit loss model	**548.2**	723.3	(24.2%)
Other impairment losses	**9.0**	8.3	8.4%
Total expenses	**2,939.7**	3,415.5	(13.9%)

The total expenses of the Group amounted to RMB2,939.7 million in the first half of 2024, representing a decrease of 13.9% from RMB3,415.5 million for the same period last year, as the Group continued to push refined management to reduce costs and improve efficiency in business operations.

Depreciation and amortisation

The depreciation and amortisation of the Group slightly increased to RMB194.4 million in the first half of 2024 from RMB191.0 million for the same period last year, which was mainly due to the increase in the cost of intangible assets as the Group continued to increase investment in financial technology to ensure efficient business operations.

Staff costs

The staff costs of the Group decreased by 13.0% to RMB400.2 million in the first half of 2024 from RMB459.9 million for the same period last year.

Interest expenses

The interest expenses of the Group decreased by 11.7% to RMB1,633.5 million in the first half of 2024 from RMB1,850.4 million for the same period last year, which was mainly due to the Group's continuous optimisation of debt structure and effective reduction of capital costs.

Other operating expenses

Other operating expenses of the Group decreased by 15.4% to RMB154.4 million in the first half of 2024 from RMB182.6 million for the same period last year, mainly because the Group strengthened the control over various expenses to reduce costs and improve efficiency.

Impairment losses under expected credit loss model

Impairment losses under expected credit loss model of the Group decreased by 24.2% to RMB548.2 million in the first half of 2024 from RMB723.3 million for the same period last year, which was mainly because the Group closely monitored changes in the market environment and followed national industrial policy guidance by insisting on providing leasing services and steadily promoting industrial development, resulting in a more optimised asset structure. Meanwhile, the Group continued to improve its risk warning system, raised the level of digital risk management, and further strengthened its asset quality.

Profit for the Period

Profit for the period of the Group slightly increased to RMB812.2 million in the first half of 2024 from RMB807.6 million for the same period last year. The increase was mainly because the Group responded to China's call to improve the quality and efficiency of financial leasing services to support the real economy and lower the financing costs of customers in the real economy, while the Group took various measures to optimise the liability structure and continuously reduce the cost of liabilities, and the net interest spread increased when compared with the same period last year.

Net Interest Margin and Net Interest Spread of Interest-Earning Assets

The following table sets forth certain of our key financial indicators such as interest income, interest expenses, net interest income, net interest spread and net interest margin for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB in millions, except percentages)	
Interest income[1]	**3,295.5**	3,621.0
Interest expenses[2]	**1,515.5**	1,729.5
Net interest income	**1,780.0**	1,891.5
Average balance of interest-earning assets[3]	**98,455.7**	107,864.1
Average balance of interest-bearing liabilities[4]	**85,819.4**	94,690.1
Average yield of interest-earning assets[5]	**6.69%**	6.71%
Of which: finance lease business[6]	**6.72%**	6.73%
Average cost of interest-bearing liabilities[7]	**3.53%**	3.65%
Net interest spread[8]	**3.16%**	3.06%
Net interest margin[9]	**3.62%**	3.51%

(1) Interest income is the sum of (i) income from finance lease business, and (ii) interest income from entrusted loans and other loans.

(2) Excluding the interest expenses related to other business such as operating leasing business.

(3) Interest-earning assets consist of receivables from finance lease business, entrusted loans and other loans (excluding assets related to other business such as operating leasing business). Average balances are calculated based on balances before deduction of allowances for impairment losses as at the end of last year and the end of the current period.

(4) Interest-bearing liabilities consist of borrowings, bonds payable, business deposits and notes payable, excluding the interest-bearing liabilities related to other business such as operating leasing business. Average balances are calculated based on balances as at the end of last year and the end of the current period. The balances of borrowings and bonds payable used in such calculation represent the outstanding principal amounts of borrowings and bonds payable.

(5) Calculated by dividing interest income by the average balance of interest-earning assets on an annualised basis.

(6) Calculated by dividing income from finance lease business by the average balance of receivables from finance lease business on an annualised basis. The average balance of receivables from finance lease business represents the average balance of receivables from finance lease business before deduction of allowances for impairment losses as at the end of last year and the end of the current period.

(7) Calculated by dividing interest expenses by the average balance of interest-bearing liabilities on an annualised basis.

(8) Calculated as the difference between the average yield of interest-earning assets and the average cost of interest-bearing liabilities (excluding other business such as operating leasing business).

(9) Calculated by dividing net interest income (excluding other business such as operating leasing business) by the average balance of interest-earning assets on an annualised basis.

In the first half of 2024, the Group's net interest spread and net interest margin were 3.16% and 3.62%, respectively, representing an increase of 0.10 percentage points and 0.11 percentage points, respectively, as compared with the same period last year, which was mainly because the Group continued to optimise its asset and liability allocation and generated stable income from its business segments. In addition, the Group continued to channel high-quality funds to support its operations by optimising the structure of its liabilities, thereby establishing a virtuous cycle of assets and liabilities.

5. ANALYSIS OF INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Overview of Interim Condensed Consolidated Statement of Financial Position

The following table summarises our interim condensed consolidated financial position as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions)		
Non-current assets			
Property and equipment	**6,989.2**	7,127.7	(1.9%)
Right-of-use assets	**29.3**	33.0	(11.2%)
Intangible assets	**52.6**	57.3	(8.2%)
Receivables from finance lease business(Note)	**46,241.6**	51,841.2	(10.8%)
Loans and receivables	**0.5**	1.5	(66.7%)
Financial assets at fair value through profit or loss	**15.5**	24.8	(37.5%)
Deferred tax assets	**1,682.7**	1,856.2	(9.3%)
Other assets	**2,554.9**	2,715.2	(5.9%)
Total non-current assets	**57,566.3**	63,656.9	(9.6%)

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions)		
Current assets			
Receivables from finance lease business(Note)	**44,734.3**	47,567.7	(6.0%)
Loans and receivables	**85.9**	163.2	(47.4%)
Other assets	**1,449.6**	1,127.6	28.6%
Accounts receivable	**95.7**	107.0	(10.6%)
Financial assets held under resale agreements	**—**	199.4	(100.0%)
Financial assets at fair value through profit or loss	**552.1**	1,105.2	(50.0%)
Derivative financial assets	**104.8**	88.3	18.7%
Cash and bank balances	**8,493.2**	9,335.8	(9.0%)
Total current assets	**55,515.6**	59,694.2	(7.0%)
Total assets	**113,081.9**	123,351.1	(8.3%)
Current liabilities			
Borrowings	**22,605.6**	23,688.1	(4.6%)
Derivative financial liabilities	**43.5**	5.7	663.2%
Accrued staff costs	**208.7**	314.3	(33.6%)
Accounts payable	**509.6**	277.0	84.0%
Bonds payable	**18,989.4**	23,730.1	(20.0%)
Income tax payable	**289.3**	568.1	(49.1%)
Other liabilities	**5,235.1**	5,281.7	(0.9%)
Total current liabilities	**47,881.2**	53,865.0	(11.1%)
Net current assets	**7,634.4**	5,829.2	31.0%
Total assets less current liabilities	**65,200.7**	69,486.1	(6.2%)
Equity attributable to owners of the Company			
— Ordinary shareholders	**17,181.4**	16,765.2	2.5%
— Other equity instrument holders	**2,957.1**	3,430.7	(13.8%)
Non-controlling interests	**54.3**	49.4	9.9%
Total equity	**20,192.8**	20,245.3	(0.3%)

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions)		
Non-current liabilities			
Borrowings	**18,795.3**	22,105.3	(15.0%)
Bonds payable	**21,244.9**	21,657.7	(1.9%)
Deferred tax liabilities	**17.4**	13.1	32.8%
Other liabilities	**4,950.3**	5,464.7	(9.4%)
Total non-current liabilities	**45,007.9**	49,240.8	(8.6%)
Total equity and non-current liabilities	**65,200.7**	69,486.1	(6.2%)
Net assets per share (RMB yuan/share)	**2.09**	2.04	

Note: Receivables from finance lease business include finance lease receivables and receivables arising from sale and leaseback arrangements.

Assets

As at June 30, 2024, the total assets of the Group amounted to RMB113,081.9 million, representing a decrease of 8.3% as compared with RMB123,351.1 million as at the end of last year, mainly due to the decrease in the carrying amount of receivables from finance lease business as at the end of the current period as compared with the end of last year, as a result of the complex and volatile domestic and international economic environments, and the lack of effective external demand, while the Group continued to optimise asset allocation.

Interest-earning assets

Interest-earning assets include receivables from finance lease business and loans and receivables. As at June 30, 2024, the carrying amount of the Group's receivables from finance lease business amounted to RMB90,975.9 million, representing a decrease of 8.5% as compared with RMB99,408.9 million as at the end of last year. The carrying amount of the Group's loans and receivables amounted to RMB86.4 million, representing a decrease of 47.5% as compared with RMB164.7 million as at the end of last year.

Industry Analysis

The following table sets forth the present value of interest-earning assets by industry as at the dates indicated:

	As at June 30, 2024		As at December 31, 2023	
	Present value	% of total	Present value	% of total
	(RMB in millions, except percentages)			
Advanced manufacturing	20,142.3	21.4%	22,567.5	22.0%
Energy and environmental protection	17,215.0	18.3%	17,758.0	17.3%
Construction	16,214.4	17.2%	16,996.6	16.6%
Urban utilities	12,190.7	12.9%	15,161.5	14.8%
Transportation and logistics	11,222.0	11.9%	12,737.6	12.4%
Culture and tourism	8,451.0	9.0%	7,874.4	7.7%
Healthcare	6,972.8	7.4%	7,513.9	7.3%
Others	1,878.3	1.9%	2,015.3	1.9%
Total	94,286.5	100.0%	102,624.8	100.0%

In the first half of 2024, the Group adhered to the fundamental purpose that finance serves the real economy, accelerated industrial transformation and development, provided comprehensive financial services to customers in the fields of advanced manufacturing, energy and environmental protection, construction, urban utilities, transportation and logistics, culture and tourism, and healthcare, and continued to optimise asset distribution.

Advanced Manufacturing

In accordance with Chinese government's economic and industrial policies, such as the "14th Five-Year Plan", supply-side structural reform and the "Made in China 2025" initiative, we offer comprehensive financing services for customers in manufacturing industry to finance their equipment purchases and provide liquidity for their fixed assets. We serve customers across a wide range of manufacturing sectors, including high-end equipment manufacturing, new materials, new generation of information technology and telecommunications. We also target manufacturing customers with growth potential, recognised by capital market and encouraged by government policies. Our customers consist primarily of large- and medium-sized state-owned enterprises at central and regional levels, listed companies, innovative privately-owned enterprises engaging in manufacturing and strategic emerging industries and outstanding medium-, small- and micro-sized enterprises with growth potential. In addition, leveraging our advantages of customer resources, we have gradually built a reciprocal industrial ecosystem to share resources with our partners in order to expand our business scale in emerging manufacturing sectors and improve our competitive strength.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the advanced manufacturing industry amounted to RMB20,142.3 million, representing a decrease of 10.7% as compared with RMB22,567.5 million as at the end of last year. The decrease was mainly because in view of the complex and volatile macroeconomic environment and growing credit pressure, the Group preferred high-quality customers with competitive advantages and imposed stricter assessment standards for new business based on a prudent risk management philosophy.

Energy and Environmental Protection

We provide financial leasing and other services to enterprises engaging in sectors including power supply and transmission, heating and gas supply, new energy battery manufacturing, solid waste treatment, environment treatment and comprehensive energy utilisation. Such enterprises mostly have comprehensive qualifications, leading technologies and adequate experiences in their respective fields. We provide quality financial services to high-quality customers in the industries, especially customers in the new energy industry, to support the development of energy and environmental protection enterprises and facilitate the implementation of the national strategy of “emission peak and carbon neutrality”.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the energy and environmental protection industry amounted to RMB17,215.0 million, representing a decrease of 3.1% as compared with RMB17,758.0 million as at the end of last year. The decrease was mainly because the Group closely followed the national strategy of “emission peak and carbon neutrality” and preferred high-quality customers in the fields of new energy, new energy battery manufacturing, wastewater treatment, and environmental remediation, which promoted the further optimisation of its asset structure.

Construction

We provide financial leasing and other services to enterprises engaging in the engineering and construction of public service facilities and construction material business. The equipment we lease to construction customers primarily includes various construction equipment. Our construction enterprise customers are mostly central and regional state-owned enterprises, which have top-grade or first-grade qualifications for engineering and construction.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the construction industry amounted to RMB16,214.4 million, representing a decrease of 4.6% as compared with RMB16,996.6 million as at the end of last year. The decrease was mainly because the Group accelerated the transformation of its business structure to develop an industrial ecosystem for construction, and preferred high-quality customers with strong market position.

Urban Utilities

We provide financial leasing and other services to urban utilities enterprises engaging in the construction and management of smart city and ports and the construction and operation of water supply infrastructure. We mainly serve urban utilities enterprises which have regional advantages and sound operating performance, and are engaged in business related to people's livelihood. Leveraging our extensive experience and quality services, we provide diversified financial solutions for our customers in such sectors.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the urban utilities industry amounted to RMB12,190.7 million, representing a decrease of 19.6% as compared with RMB15,161.5 million as at the end of last year. The decrease was mainly because the Group endeavoured to promote business transformation, proactively adjusted business directions, set more stringent and detailed standards for new business, and preferred high-quality customers in better regional financial environment, and with stronger market position, resulting in continual asset structure optimisation.

Transportation and Logistics

We strictly followed the national strategies and policies and proactively responded to the national strategic objective of "emission peak and carbon neutrality". In line with the development of the green energy business, the Group tapped into its resource advantages and further developed specific sectors including modern logistics, shared travel, smart urban distribution, energy consumption for commute, and car rental, safeguarding the sustainable development of transportation and logistics with financial leasing services and the high-quality development of the transportation and logistics industry in China. Capitalising on our extensive industry experiences, quality business layout, extensive market channels and service network, we had comprehensive ecosystem resources in place. Through our local sales teams across nearly 30 provinces, autonomous regions, municipalities, and special administrative regions in China, we established long-term cooperation relationships with major domestic manufacturers, shared travel and freight traffic platforms, vehicle dealers, high-quality logistics enterprises and new energy vehicle manufacturing enterprises. These cooperation relationships allowed us to create a financial solution for the whole ecosystem based on the automotive industry chain, providing customers with personalised and diversified one-stop financial services.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the transportation and logistics industry amounted to RMB11,222.0 million, representing a decrease of 11.9% as compared with RMB12,737.6 million as at the end of last year. The decrease was mainly due to the timely adjustments to our product portfolio through reducing the investment in finance leases for retail customers, increasing efforts to expand our business in areas such as intercity logistics, charging and swapping stations, new energy heavy trucks, and shared travel, and exploring and strengthening our investment in new energy vehicle finance lease business, in view of the trend of local regulatory policies and market changes in the transportation and logistics industry.

Culture and Tourism

We provide financial leasing and other services to enterprises engaging in cultural education, tourism and hotel operation. The cultural education customers we serve cover higher education, secondary education (including vocational education), and other market segments. Following the policies of the government to develop vocational education, we will put further efforts in developing customers in colleges and vocational education institutions. Grasping the opportunities arising from the industry structure adjustments, we have collaborated with large culture and tourism enterprises, and hotel groups and have acquired high-quality customers with effective management, good credit standing and growth potential. We are committed to providing services to meet the capital needs of these customers for their daily operation, business expansion and service upgrades.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the culture and tourism industry amounted to RMB8,451.0 million, representing an increase of 7.3% as compared with RMB7,874.4 million as at the end of last year. The increase was mainly because the Group actively expanded strategic cooperation with various colleges, vocational education institutions and large culture and tourism enterprises, and hotel groups and established long-term business relationship with quality customers.

Healthcare

We provide financial services to various types of general and specialised hospitals and healthcare enterprises. The services we provide are mainly finance lease services.

We continually expand our healthcare customer base to capture opportunities presented by the increasing market demands for customised and high-end healthcare services. We plan to continue to provide financial leasing and other services to hospitals, dental and optometry clinics and other healthcare institutions to meet their financing needs related to medical equipment procurement, working capital and facility construction. In addition, through our localised marketing network, we strategically provide financial leasing and other services and products to medical laboratory centre, imaging centre, rehabilitation centres, physical examination centres, pharmaceutical and medical devices suppliers with sound credit record and growth potential to support their funding demand for business expansion and equipment upgrades.

In addition to serving healthcare institutions, we also provide financial leasing and other services to high-growth medical and healthcare companies, such as pharmaceutical enterprises, medical device manufacturers and genetic-testing and bio-pharma companies, to provide financial support for their production capacity expansion and research and development.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in the healthcare industry amounted to RMB6,972.8 million, representing a decrease of 7.2% as compared with RMB7,513.9 million as at the end of last year. The decrease was mainly because the Group followed national policy guidelines by optimising the healthcare product structure to meet the diversified needs of customers and establishing business relationships with high-quality customers.

Other Industries

In addition to the above-mentioned industries, we also provide finance lease and advisory services to high-quality customers in sectors such as other leasing and commercial services, and technology services.

As at June 30, 2024, the present value of interest-earning assets attributable to our business in other industries amounted to RMB1,878.3 million, representing a decrease of 6.8% as compared with RMB2,015.3 million as at the end of last year.

Receivables from finance lease business

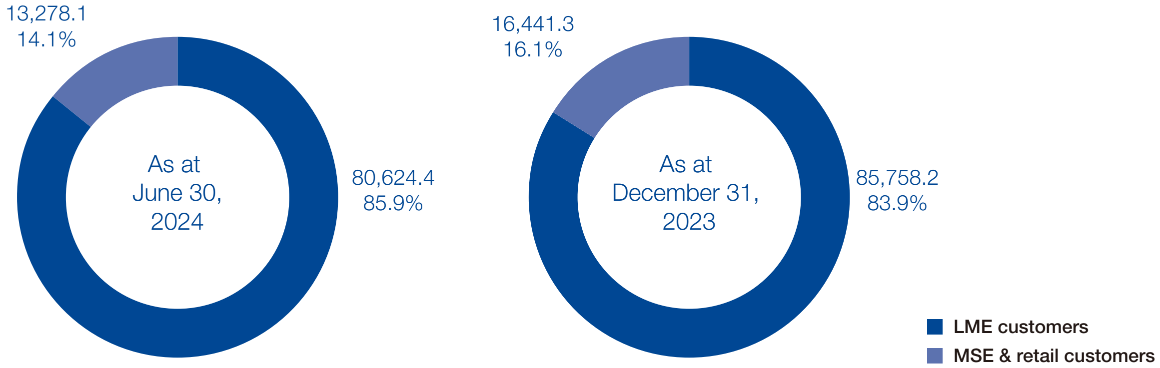
The following table sets forth the breakdown of our receivables from finance lease business as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions)		
Gross amount of receivables from finance lease business	**103,410.3**	112,752.5	(8.3%)
Less: Unearned income	**(9,507.8)**	(10,553.0)	(9.9%)
Present value of receivables from finance lease business	**93,902.5**	102,199.5	(8.1%)
Less: Impairment loss allowance	**(2,926.6)**	(2,790.6)	4.9%
Carrying amount of receivables from finance lease business	**90,975.9**	99,408.9	(8.5%)

Customer Analysis

The following chart sets forth the present value of our receivables from finance lease business by type of customers as at the dates indicated:

(Unit: RMB in millions, except percentages)



In view of the current complex and volatile domestic and international economic environments, and lack of effective external demand, the Group continued to optimise asset allocation, and the carrying amount of our receivables from finance lease business as at the end of the current period decreased as compared with the end of last year.

Maturity Profile

The following table sets forth the analysis of the remaining maturity of the gross amount of receivables from finance lease business as at the dates indicated:

	As at June 30, 2024		As at December 31, 2023	
	Amount	% of total	Amount	% of total
	(RMB in millions, except percentages)			
Within one year	51,025.9	49.3%	54,032.0	47.9%
More than one year but not exceeding five years	49,398.3	47.8%	55,676.7	49.4%
More than five years	2,986.1	2.9%	3,043.8	2.7%
Total	103,410.3	100.0%	112,752.5	100.0%

As at June 30, 2024, receivables from finance lease business due within one year accounted for 49.3% of the gross amount of receivables from finance lease business of the Group, which slightly increased as compared with the end of last year.

Loans and receivables

Our loans and receivables are entrusted loans and other loans. As at June 30, 2024, the carrying amount of the entrusted loans and other loans of the Group was RMB86.4 million, representing a decrease of 47.5% as compared with RMB164.7 million as at the end of last year, which was mainly because the Group did not enter into new entrusted loans and other loans business.

Property and equipment

Our property and equipment mainly include equipment held for operating lease business and property and equipment held for administrative purpose. As at June 30, 2024, our equipment held for operating lease business consisted of 17 aircraft. The property and equipment held for administrative purpose of the Group consisted primarily of office buildings, motor vehicles, electronic equipment, office equipment, leasehold improvements and construction in progress.

As at June 30, 2024, the carrying amount of the Group's property and equipment amounted to RMB6,989.2 million, representing a slight decrease from RMB7,127.7 million as at the end of last year.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss mainly include the wealth management products and equity instruments held by the Group.

As at June 30, 2024, the carrying amount of the financial assets at fair value through profit or loss of the Group was RMB567.6 million, representing a decrease of 49.8% as compared with RMB1,130.0 million as at the end of last year, which was mainly due to the dynamic adjustments made by the Group according to its position of liquidity management and market conditions.

Deferred tax assets

As at June 30, 2024, the carrying amount of the deferred tax assets of the Group was RMB1,682.7 million, representing a decrease of 9.3% as compared with RMB1,856.2 million as at the end of last year, which was mainly due to the fact that in the first half of 2024, the Group had completed the tax filing for part of its impairment losses for the previous periods.

Cash and bank balances

As at June 30, 2024, the carrying amount of the cash and bank balances of the Group was RMB8,493.2 million, representing a decrease of 9.0% as compared with RMB9,335.8 million as at the end of last year, which was mainly due to the dynamic adjustments made by the Group in response to the future operational requirements and liquidity safety.

Liabilities

In the first half of 2024, the Group adhered to our role as a financial service provider to support the real economy, remained steadfast on the path of industrial transformation and development, and made significant achievements in the business supported by China such as high-end equipment manufacturing, green leasing, and digital economy. In the meantime, the Group continued to optimise liability structure and issued innovative financing products to channel high-quality capital to support business development in the industrial areas encouraged by the Company, while maintaining our AAA main credit rating (with stable outlook). In the first half of 2024, the Group's overall debt structure was further improved and its funding costs decreased steadily.

As at June 30, 2024, the Group had total liabilities of RMB92,889.1 million, representing a decrease of 9.9% as compared with RMB103,105.8 million as at the end of last year, mainly due to the Group's dynamic management of liability structure in accordance with asset allocation and effective reduction of liabilities based on a prudent business philosophy.

The following table sets forth the breakdown of liabilities by type as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions)		
Current liabilities			
Borrowings	**22,605.6**	23,688.1	(4.6%)
Derivative financial liabilities	**43.5**	5.7	663.2%
Accrued staff costs	**208.7**	314.3	(33.6%)
Accounts payable	**509.6**	277.0	84.0%
Bonds payable	**18,989.4**	23,730.1	(20.0%)
Income tax payable	**289.3**	568.1	(49.1%)
Other liabilities	**5,235.1**	5,281.7	(0.9%)
Total current liabilities	**47,881.2**	53,865.0	(11.1%)
Non-current liabilities			
Borrowings	**18,795.3**	22,105.3	(15.0%)
Bonds payable	**21,244.9**	21,657.7	(1.9%)
Deferred tax liabilities	**17.4**	13.1	32.8%
Other liabilities	**4,950.3**	5,464.7	(9.4%)
Total non-current liabilities	**45,007.9**	49,240.8	(8.6%)
Total liabilities	**92,889.1**	103,105.8	(9.9%)

Borrowings

Borrowings of the Group are primarily bank borrowings. As at June 30, 2024, the balance of the Group's borrowings amounted to RMB41,400.9 million, representing a decrease of 9.6% as compared with RMB45,793.4 million as at the end of last year.

The following table sets forth the breakdown of borrowings by type as at the dates indicated:

	As at June 30, 2024		As at December 31, 2023	
	Amount	**% of total**	Amount	% of total
	(RMB in millions, except percentages)			
Bank borrowings	**40,768.8**	**98.5%**	44,993.1	98.2%
Other financial institutions borrowings	**388.2**	**0.9%**	552.6	1.2%
Interest payable	**216.3**	**0.5%**	216.4	0.5%
Lease liabilities	**27.6**	**0.1%**	31.3	0.1%
Total	**41,400.9**	**100.0%**	45,793.4	100.0%
Analysed as:				
Current	**22,605.6**	**54.6%**	23,688.1	51.7%
Non-current	**18,795.3**	**45.4%**	22,105.3	48.3%
Total	**41,400.9**	**100.0%**	45,793.4	100.0%

As at June 30, 2024, current borrowings accounted for 54.6% of the total borrowings of the Group, with a stable financing strategy and reasonable debt structure.

Bonds payable

In the first half of 2024, the overall liquidity of the capital market remained reasonable and robust, while the overall market interest rate decreased. Through comprehensive assessment of capital market developments and taking into account factors such as overall liquidity position and asset allocation, the Group issued financing instruments such as green and sustainable bonds in due course, in order to achieve the goals of optimising liability structure, controlling financing costs at a reasonable level, and innovating financing instruments.

The Group's bonds payable mainly include ultra-short-term commercial papers, short-term commercial papers, medium-term notes, corporate bonds, and asset-backed securities. As at June 30, 2024, the balance of the Group's bonds payable amounted to RMB40,234.3 million, representing a decrease of 11.4% as compared with RMB45,387.8 million as at the end of last year.

The following table sets forth the breakdown of bonds payable by maturity as at the dates indicated:

	As at June 30, 2024		As at December 31, 2023	
	Amount	**% of total**	Amount	% of total
	(RMB in millions, except percentages)			
Analysed as:				
Current	**18,989.4**	**47.2%**	23,730.1	52.3%
Non-current	**21,244.9**	**52.8%**	21,657.7	47.7%
Total	**40,234.3**	**100.0%**	45,387.8	100.0%

Other liabilities

Other liabilities of the Group consisted primarily of deposits from customers, notes payable, and aircraft maintenance fund.

As at June 30, 2024, other liabilities of the Group totalled RMB10,185.4 million, representing a decrease of 5.2% as compared with RMB10,746.4 million as at the end of last year, which was mainly due to the decrease in deposits from customers.

Equity

As at June 30, 2024, the Group had total equity of RMB20,192.8 million, representing a slight decrease as compared with RMB20,245.3 million as at the end of last year, which was mainly due to the fact that the Group's realisation of profit for the period in the first half of 2024 increased the total equity, the distribution of dividends decreased the total equity, and the balance of other equity instruments was appropriately reduced in accordance with the planning for the asset and liability structure.

The following table sets forth the breakdown of equity by type as at the dates indicated:

	As at June 30, 2024	As at December 31, 2023	Changes
	(RMB in millions)		
Equity attributable to owners of the Company			
— Ordinary shareholders	**17,181.4**	16,765.2	2.5%
— Other equity instrument holders	**2,957.1**	3,430.7	(13.8%)
Non-controlling interests	**54.3**	49.4	9.9%
Total equity	**20,192.8**	20,245.3	(0.3%)

6. ANALYSIS OF INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

The following table sets forth a summary of the interim condensed consolidated cash flows for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB in millions)	
Net cash generated from/(used in) operating activities	**10,525.3**	292.0
Net cash generated from/(used in) investing activities	**735.0**	(291.3)
Net cash generated from/(used in) financing activities	**(11,796.3)**	2,791.1
Net (decrease)/increase in cash and cash equivalents	**(536.0)**	2,791.8

For the first half of 2024, net cash inflow generated from operating activities was RMB10,525.3 million. Cash flows from operating activities consisted primarily of cash generated from or paid for our finance lease, operating lease, entrusted loans and other loans, and advisory businesses, as well as related transactions. The net cash inflow generated from operating activities in the current period was mainly due to the gradual recovery of rents from business investments in prior periods, which were greater than the cash outflow from business investments.

For the first half of 2024, net cash inflow generated from investing activities was RMB735.0 million, mainly reflecting the cash received from (i) the sale of financial assets at fair value through profit or loss; (ii) the sale of financial assets held under resale agreements; and (iii) income received from financial investments. Such cash inflow was partially offset by the cash paid for (i) the purchase of financial assets at fair value through profit or loss; (ii) the purchase of financial assets held under resale agreements; and (iii) the purchase of property and equipment and intangible assets during the period.

For the first half of 2024, net cash outflow used in financing activities was RMB11,796.3 million, mainly reflecting the cash paid for (i) the repayments of bonds payable; (ii) the repayments of borrowings, (iii) the redemption of other equity instruments; (iv) the payments for interest; (v) the payments for interest distributed on other equity instruments; and (vi) the payments for the relevant expenses. Such cash outflow was partially offset by the cash received during the period from the proceeds from borrowings, the issuance of bonds and other equity instruments, and the proceeds from capital injection of the non-controlling investors.

7. CAPITAL MANAGEMENT

We manage our capital to ensure that the companies within the Group are able to operate as a going concern by optimising the structure of the debt and shareholders' equity while maximising shareholders' return. The objective of our capital management is to ensure compliance with the relevant laws, regulations and other regulatory requirements. According to the "Provisional Measures for the Supervision and Administration of Financial Leasing Companies" (《融資租賃公司監督管理暫行辦法》) issued by the former CBIRC and the "Provisional Measures for the Supervision and Administration of Financial Leasing Companies in Shanghai" (《上海市融資租賃公司監督管理暫行辦法》) issued by the Shanghai Municipal Financial Regulatory Bureau, the risk assets of financial leasing companies shall be subject to a maximum of eight times of net assets and the total risk assets shall be determined based on the balance of assets by deducting cash, bank deposits and treasury bonds from the total assets of enterprises. As at June 30, 2024, the Group had not violated any relevant laws or regulations regarding the ratio of total risk assets dividing net assets.

8. CAPITAL EXPENDITURE

For the first half of 2024, the capital expenditure of the Group was RMB7.0 million, which was mainly utilised for the Group's addition of property and equipment and intangible assets.

9. RISK MANAGEMENT

We adopt a prudent risk management philosophy. We maintain a comprehensive risk management system and implement various risk management measures throughout our business operations. We develop a more comprehensive management system and organisational structure, diversify the application of fin-tech and further strengthen the risk control of all procedures and the proactive risk management level. We continually improve our comprehensive risk management system to enhance our overall risk management capability and core competitiveness. We engage in risk management under the comprehensive risk management framework of Haitong Securities, our ultimate Controlling Shareholder. We report key risk indicators to Haitong Securities and are supervised by Haitong Securities for the reporting of such risk indicators in real time. Based on the "Provisional Measures for the Supervision and Administration of Financial Leasing Companies" (《融資租賃公司監督管理暫行辦法》) promulgated by the former CBIRC and the "Regulatory Guidelines on Regulatory Rating and Classification of Financial Leasing Companies and Commercial Factoring Companies in Shanghai" (《上海市融資租賃公司、商業保理公司監管評級與分類監管指引》) issued by the Shanghai Municipal Financial Regulatory Bureau, we formulated and implemented various risk guidelines and rules of the same or higher level to facilitate the efficient operation of our risk management system.

We have a sound risk management structure and continuously improve this structure to meet our business development demand. The Board is our highest internal decision-making body on matters involving risk management. The professional committee is established under the Board. Management exercise specific functions based on the authorisation of the Board, and various functional departments perform their duties properly to facilitate our comprehensive risk management.

We are exposed to various risks in our business operations, including credit risk, compliance risk, liquidity risk, interest rate risk, exchange rate risk, operational risk and reputational risk. We have developed a sound reporting system to identify, evaluate and monitor risks continuously. The goal of our risk management efforts is to maintain risks at a tolerable level and to maximise our risk-adjusted return.

Credit Risk

Credit risk is the risk arising from the failure of our customers or counterparties to perform their contractual obligations, or the changes in their creditworthiness, which could cause our economic loss or cause our actual revenue deviated from our estimated revenue. Credit risk is the primary risk that we face in our business operation.

In the first half of 2024, the Group adhered to our role as a financial service provider to support the real economy, capitalised on the opportunities arising from China's economic transformation, and leveraged our own resources to expedite the development of industry advantages and empower customers and foster mutual growth. We strictly adhered to our credit risk management system and procedures during business expansion, which allows us to effectively control business credit risk and asset quality. We have adopted the following measures in respect of credit risk management:

- Strengthening the guiding function of asset allocation to focus on the development of key sectors

  Facing a complex and volatile macroeconomic environment that presented both opportunities and challenges, the Group has developed a forward-thinking and practical asset allocation strategy, based on a comprehensive analysis of the external environment, an industry analysis and outlook, and a comprehensive understanding of regulatory policies, and in view of its own development strategy and resources, as well as the regulatory guidance and the direction of industrial transformation. In the first half of 2024, we maintained our focus on critical strategic areas such as high-end equipment manufacturing, green leasing, and digital economy, while actively encouraging the expansion of vertically integrated industrial chains such as consumer electronics, new energy vehicles, smart grids, new materials and industrial equipment. We focused on cultivating industry segments such as intelligent computing power, new energy storage, hazardous waste treatment and healthcare services, and strengthened direct leasing business layout, so as to create new driving forces for the Group's growth. Meanwhile, we further expanded our business coverage of high-quality state-owned enterprises and industry-leading enterprises with strong risk resistance in sectors such as energy supply, healthcare and construction where we have robust business foundation. Efforts were also made to maintain the relationship with existing high-quality customers. Guided by a clear asset allocation strategy, the Group's asset foundation was strengthened, and we achieved positive results in key sectors. We maintained our competitive advantage in sectors where we have a strong presence, and our asset structure has grown more optimised.

- Enhancing the accuracy and differentiation of credit approval process to meet the needs of industry development

  In the first half of 2024, the Group continued to monitor the developments in various industries and the changes in risks. Based on our business resources, asset portfolio, asset quality data, and expert approval experience, we performed comprehensive reviews at the "Pre-lease — Lease — Post-lease" stages, conducted targeted analyses and research on key areas, sorted out our target customer groups, and developed and updated corresponding risk management policies in view of our business and the risk characteristics of our major customers. We updated and revised our credit review guidelines and brochures for manufacturing, construction, energy supply and healthcare industries, established differentiated customer acquisition standards for each industry segment based on our strategic preferences, asset data and industry analysis, as well as the standards for high-quality customers and corresponding preferential policies, in order to improve the relevance, effectiveness and comprehensiveness of our approval policies. In addition, for industry segments in which we made significant investment this year, such as computing power and hazardous waste treatment, we have designed products in line with the business logic and risk characteristics of our customers, and issued corresponding product guidelines, in order to help business personnel more accurately acquire high-quality customers conforming to our preferences and meet the development needs of industrial transformation. Meanwhile, we put greater efforts in promoting the updating, optimisation and wider application of credit rating, debt rating, risk pricing and limit calculation models, in order to increase the level and quality of our revenue by improving the precision of our quantitative risk assessment and risk management capabilities.

- Strengthening risk identification and post-lease management to ensure the safety and stability of assets

  The Group's post-lease management system includes a well-established asset management system and processes, a comprehensive risk warning and response mechanism, and a professional management team that tracks and assesses asset quality on a daily basis. Our finance lease business employs a variety of risk mitigation strategies. We carry out post-lease management in various ways, including IoT equipment monitoring, public opinion monitoring, and post-lease inspections. We develop risk plans for identified risks in a timely manner and implement risk mitigation actions to ensure asset safety. In the first half of 2024, we strengthened the cooperation with Haitong Securities by using the intelligent early warning centre to conduct regular monitoring of risky public opinions and joint early warning, so as to continuously improve the proactive risk management capability of "early identification, early warning, early exposure and early handing", and to further safeguard the safety of the Group's assets and the controllability of risks.

- Continuing to launch and upgrade financial tools to advance the transformation of digital finance

  In the first half of 2024, the Group continued to strengthen its digital finance development efforts, and explored technology application scenarios in all aspects of pre-lease, lease and post-lease, in order to further enhance its digital and intelligent risk identification and management capabilities. Before the lease, we upgraded the Internet customer acquisition platform and video due diligence system to improve the accuracy and efficiency in customer acquisition. During the lease, we developed an investor profiling system to help identify potential risks and deliver customised risk management suggestions by researching investor behaviours, preferences, and investment objectives. We upgraded the pre-approval reporting system and made improvements for various scenarios to provide real-time and efficient data services. We promoted the building of AI models, continued to optimise the intelligent credit review access model for small projects, and significantly improved the efficiency of risk management through multi-dimensional data support and intelligent cross-validation. Following the lease, we continued to develop our asset management system, and upgraded our wristband application system and GPS monitoring system, which further expanded the application scenarios of IOT equipment and provided effective support for the management of physical assets.

Assets quality

Pursuant to the regulatory requirements, the Group classified its interest-earning assets into five categories. Furthermore, in order to promptly monitor asset quality, the Group sub-divided the five categories into fourteen levels for meticulous management of our assets. The five categories are “normal”, “special mention”, “substandard”, “doubtful” and “loss”. The last three categories are regarded as credit impaired and considered as NPAs.

Normal: the lessee can honour the terms of the contract and is able to repay the principal and interest in full on a timely basis.

Special mention: the lessee currently has the ability to repay the principal and interest, but the repayment of principal and interest receivables could be adversely affected by certain specific factors.

Substandard: the lessee’s ability to repay the principal and interest is in question as it cannot rely entirely on normal operating revenues to repay the principal and interest in full, and losses may ensue even when guarantees are invoked.

Doubtful: the lessee is unable to repay the principal and interest in full and losses will need to be recognised even when guarantees are invoked.

Loss: a minimal portion or no principal of, or interest on, the lease could be recovered after all possible measures have been taken and all legal remedies have been exhausted.

The following table sets forth the breakdown of the Group's balances of interest-earning assets before deduction of allowances for impairment losses based on the five-category classification standard of asset quality as at the dates indicated:

	As at June 30, 2024		As at December 31, 2023	
	Amount	**% of total**	Amount	% of total
	(RMB in millions, except percentages)			
Normal	**91,379.5**	**96.92%**	99,911.3	97.35%
Special mention	**1,823.4**	**1.93%**	1,565.7	1.53%
Substandard	**153.5**	**0.16%**	160.8	0.16%
Doubtful	**930.1**	**0.99%**	963.2	0.94%
Loss	**0.0**	**0.00%**	23.8	0.02%
Total	**94,286.5**	**100.00%**	102,624.8	100.00%
NPA ratio		**1.15%**		1.12%
Allowance coverage ratio for NPAs		**297.55%**		265.82%

In the first half of 2024, facing the complex and volatile macroeconomic environment, the Group has consistently prioritised risk management in operations and management and adhered to the principle of prudent and proactive, full-cycle and full-process risk management. We proactively adjusted business preferences by conducting consistent research on changes in the macro environment and the logic of industry development, improved risk identification and assessment capabilities through continuous optimisation of risk models and approval policies, and increased risk monitoring and handling efficiency through continuous upgrades to the intelligent asset management system. Our asset quality remained stable and our asset structure continued to be optimised. As at June 30, 2024, the balance of the NPAs of the Group amounted to RMB1,083.6 million, representing a decrease of RMB64.2 million, or 5.6%, as compared with the end of 2023. The decrease was 4 percentage points greater as compared with the end of 2023, suggesting effective risk control and mitigation. The NPA ratio was 1.15%, representing a slight increase of 0.03 percentage points as compared with the end of 2023, mainly due to the fluctuation in asset size. Overall, facing an external environment with growing complexity, severity and uncertainty during the Reporting Period, the balance of the Group's NPAs maintained the downward trend since 2023, with the rate of decline continuing to expand. The future trend of assets is positive in general, with steady and controllable asset quality and improving risk management capabilities and levels.

The Group prioritises the stability of its risk resistance ability and keeps its allowance coverage ratio for NPAs at a reasonable level at all times to deal with the complex and volatile credit environment and safeguard the sustainable and healthy development of the Company. As at June 30, 2024, the allowance coverage ratio for NPAs of the Group was 297.55%, representing an increase of 31.73 percentage points as compared with the end of 2023. Our risk resistance ability has been further strengthened.

Credit risk concentration

In order to manage the risks arising from the over-concentration of assets with the same attributes in our asset portfolio, the Group has actively complied with the regulatory requirements and established a set of stricter concentration limits consistent with our risk appetite to strictly limit the balance of risk exposure of a single customer, a single industry, and a single region as a percentage of our net assets in order to diversify risks.

In the first half of 2024, the Group firmly seized the opportunities arising from the accelerated construction of a modern industrial system, closely followed policy guidance, gave full play to our own strengths, optimised our business structure, and contributed to the development of new quality productive forces. Focusing on the core of serving the real economy, we have continued to improve our business layout, optimise our business structure and solidify our business advantages in key areas such as high-end equipment manufacturing, green leasing, and digital economy. In terms of high-end equipment manufacturing, we leveraged our advantage of finance lease, being financing with capital + goods, to actively support large-scale equipment renewal. We have created a portfolio of assets in the fields of chemical and pharmaceutical manufacturing, electrical machinery manufacturing, and industrial equipment manufacturing, and secured a number of high-quality projects and high-quality customers. In terms of green leasing, we actively supported new energy storage, energy conservation and environmental protection, green transportation and other key areas of “emission peak and carbon neutrality”. The balance of our green leasing assets as at the end of June 2024 amounted to approximately RMB23.6 billion. With its size remaining stable and its share of total assets increasing, its position as a significant business segment and competitive industry within the Group has been further strengthened. In terms of digital economy, we grasped the opportunities for the industrial chain upgrade and the increase in the demand for computing power brought about by the development of AI, and strengthened the development of digital economy industry chain business and computing power business. The balance of our digital economy assets exceeded RMB5 billion as at the end of June 2024, representing an increase of 2% as compared with the end of last year, and their share of assets also increased. We have achieved positive results in computing power business, and our growth in the industry has been steady. While strengthening the development of industrial advantages, the Group has also promoted the accelerated transformation of its traditional businesses by shifting the business directions of urban utilities, transportation and logistics, and healthcare, with new investments primarily made in new business areas such as new infrastructures, smart urban distribution, and integrated medical and nursing care. Our asset structure was further optimised.

As at the end of June 2024, advanced manufacturing, energy and environmental protection and construction were the top three industries in terms of the interest-earning assets balance and together accounted for 56.9% of the total interest-earning asset balance of the Group. We capitalised on opportunities presented by large-scale equipment renewal, green productivity development, and digital and intelligent technology advancement, maintained business investment in high-end equipment manufacturing, electronic information manufacturing, new energy, new energy storage, energy conservation and environmental protection and other fields, and strengthened our support for major project construction and central state-owned construction enterprises. The top three industries accounted for a relatively stable proportion of our total assets. Asset concentration has been maintained at a manageable level, resulting in appropriate risk diversification while maintaining the unique characteristics of each sector. At the same time, with an in-depth understanding of regulatory guidelines, the Group sought to accelerate business structure transformation by adjusting the business structure for the urban utilities and transportation and logistics industries. Traditional businesses were effectively reduced and the asset structure was further optimised.

As at the end of June 2024, the asset size of the advanced manufacturing industry was RMB20,142.3 million, accounting for 21.4% of interest-earning assets and making it the largest industry for the Group. In 2024, the driving force of industry and manufacturing on the economy was significantly enhanced, and the growth rates of industrial added value and fixed asset investment in the manufacturing sector were both impressive. The effect of large-scale equipment renewal policies has gradually emerged. The Group fully utilised the business advantage of finance lease of both promoting the circulation of important equipment and providing financial support. With equipment leasing at the core, we consistently provide high-quality financial services to manufacturing enterprises in fields such as digital computing power, high-end equipment, and green environmental protection, and focus on serving niche "small giant" enterprises as well as niche medium- and small-sized enterprises. In the first half of this year, our investment in niche businesses increased by 43% as compared with the same period last year, and the asset balance as at the end of June 2024 increased by 36% as compared with the end of last year, reflecting solid business growth and growing support for new quality productive forces.

As at the end of June 2024, the asset size of the energy and environmental protection industry was RMB17,215.0 million, accounting for 18.3% of interest-earning assets. The Group actively serves the national strategic goal of "emission peak and carbon neutrality", keeps up with the development trend of green energy, and continues to strengthen business development in the fields of new energy and environmental protection, including new energy storage, sewage and sludge treatment, hazardous waste treatment, and food waste disposal. Our business investment in the energy and environmental protection sector in the first half of 2024 increased by two percentage points as compared with the same period last year. The asset balance of such industry as at the end of June 2024 increased by one percentage point as compared with the end of last year. With continuous increase in both the proportion of investment and share of assets for three consecutive years, its position as the Group's second largest industry was further consolidated, which fully demonstrated our determination and investment in serving the "emission peak and carbon neutrality" strategy and supporting the transformation and upgrading of China's energy industry.

As at the end of June 2024, the asset size of the construction industry was RMB16,214.4 million, accounting for 17.2% of interest-earning assets. The Group has operated in the construction field for years and has accumulated strong business advantages, with customers mostly central state-owned construction enterprises and large state-owned enterprises. The proportion of new contracts obtained by central state-owned construction enterprises and large state-owned enterprises continued to rise due to their advantages in undertaking large projects. We maintained our support for high-quality central state-owned construction enterprises and state-owned enterprises, while strengthening the development of new businesses such as equipment leasing and green building material leasing. Overall, we experienced steady growth in the construction industry.

Compliance Risk

Compliance risk refers to the risk that an enterprise may be subject to legal sanctions or regulatory penalties or may suffer from material financial loss or reputation loss due to its failure to comply with laws and regulations, regulatory requirements, rules and codes of conduct applicable to its business activities.

In the first half of 2024, the Group took the following measures to prevent compliance risk: First, in accordance with the regulatory requirements and in light of the current situation, we continued to promote the revision of compliance management-related systems. We revised and issued the "Guidelines for Branches to Cooperate with Local Supervisory Inspections" (《分公司配合屬地監管檢查工作指引》), in order to effectively help branches to cooperate with and communicate about regulatory inspections, prevent compliance risk, and further strengthen our compliance management systems and rules. Second, using the problem-solving technique, we performed multiple compliance inspections and improved the closed-loop management of inspection, supervision, rectification, and feedback, thereby strengthening and consolidating the implementation and effectiveness of the rules. Third, we prioritised the development of a compliance culture. By holding rule lectures, case exchanges, special training, and new employee training, we aimed to promote the compliance philosophy of "everyone should be compliant and proactive in compliance" and provide strong support for creating a positive compliance environment.

Liquidity Risk

Liquidity risk refers to the risk that an enterprise is unable to obtain sufficient funds in a timely manner and at reasonable costs to satisfy capital needs arising from its normal operation. The Group improves our ability to obtain liquidity at reasonable costs by identifying, measuring, monitoring, assessing and controlling liquidity risk and properly managing and allocating our assets and liabilities. The Group formulates annual liquidity risk tolerance based on comprehensive assessment of future development, operational strategies and market conditions and implements administrative measures accordingly under proper authorisation and approval on an annual basis. In order to effectively monitor and manage liquidity risk, the Group formulated and promulgated systems such as Measures for the Management of Liquidity Risk, and carried out daily liquidity risk management through regular tracking of the information system and assessment of conditions and indicators of liquidity risk. The details are as follows:

1. Regarding the medium- and long-term liquidity risk management

(1) Implement the asset-liability structure management by determining a reasonable asset-liability ratio, monitoring and forecasting the ratio and complying with a predetermined upper limit of the aforementioned ratio;

(2) Implement the debt maturity structure management by tracking and forecasting the debt maturity structure, analysing the matching situation between assets and liabilities to ensure that mismatches are always within a reasonable range;

(3) Implement the management of credit line by continuously tracking various information of the existing credit line, such as the amount, type, duration, currency, etc., to meet a sufficient credit reserves position;

(4) Value cooperation with various financial institutions, maintain financing reserve from multiple markets and channels, focus on financing management at the group level and keep financing channels unblocked.

During the Reporting Period, sufficient capital and financing reserve of the Group lowered the liquidity risk and ensured our stable operation in the complex market environment. All core liquidity indicators of the Group are better than the internal management requirement and external regulatory requirement.

2. Regarding the intraday liquidity risk management

(1) Monitor liquidity inflows and outflows on a daily basis to meet sufficient intraday liquidity positions and payment obligations under both normal and stressed conditions;

(2) Manage the internal liquidity reserves prudently to ensure the liquidity required for daily operations and debt repayments;

(3) Established liquidity risk control indicators system, managing, identifying and tracking risk control indicators, and implement corresponding warning and report for liquidity risk;

(4) Formulated emergency plans regarding liquidity risks, launch liquidity emergency drills regularly or irregularly.

In the first half of 2024, the Group formulated reasonable and orderly capital planning based on the market liquidity condition and further improved our liquidity management mechanism. Our liquidity position was sound, and our liquidity management capability continued to improve.

Interest Rate Risk

Interest rate risk refers to the risk of adverse effects on overall income and economic value resulting from adverse movements in interest rates. The Group has formulated and implemented internal guidelines on interest rate risk management, with specific requirements on matters such as the management procedures, division of responsibilities, as well as applicable tools used to identify and measure interest rate risks. The impact of interest rate changes on our operations is measured primarily through interest rate sensitivity analysis which is used to calculate the interest rate sensitivity gap, namely the difference between interest-earning assets and interest-bearing liabilities that are due or need to be re-priced within a particular period. The Group seeks to keep interest rate sensitivity gap at a reasonable level by closely monitoring the market and managing our asset and liability structure.

The Group has established a reporting mechanism that requires us to regularly report the results of interest rate sensitivity analysis and the status of our interest rate management activities to the management at least on a monthly basis. Save for some business contracts and loan agreements that are entered into at a fixed interest rate, most of the Group's business contracts with its customers and loan agreements with lending banks are denominated in RMB and bear floating rates using LPR as benchmark. Therefore, the Group's assets and liabilities under these contracts or agreements fluctuate with the changes in the benchmark LPR. Therefore, without considering the difference between assets and liabilities in adjustment frequency of interest rates, such assets and liabilities achieve a natural hedge.

Some of the Group's financing denominated in foreign currency generates interest rate risks, and we use interest rate swaps and currency swaps to hedge against such interest rate risks. As at June 30, 2024, the nominal amount of the interest rate swaps (including currency swaps) of the Group amounted to RMB1,943.8 million.

Exchange Rate Risk

Exchange rate risk refers to the risk of our losses of overall revenue and economic value arising from adverse changes of exchange rate fluctuation. Exchange rate risk of the Group is primarily attributable to the mismatch of the currencies of our assets and liabilities and is mainly affected by changes in the exchange rates of Renminbi against US dollar, HK dollar or Japanese Yen. The Group manages its exchange rate risk under the principle of risk neutralisation by matching the allocation of assets and liabilities of different currencies according to sensitivity analysis of the impact on operation results by changes in exchange rate. For the exposure of exchange rate arising from funding, the Group will mitigate exchange rate risk by using foreign exchange derivatives when appropriate and necessary. The operating lease (aircraft leasing) business of the Group is funded by loans denominated in US dollar and there is no exchange rate risk exposure. Such arrangement effectively greatly reduces the exchange rate risk exposure. The exposure to the exchange rate risk of the Group as a whole is relatively small and has no significant effect on the profits of the Group for the year.

Some of the Group's financing denominated in foreign currency generates exchange rate risks, and we use foreign exchange forwards and currency swaps to hedge against such exchange rate risks. As at June 30, 2024, the nominal amount of the currency forwards (including currency swaps) of the Group amounted to RMB1,013.5 million.

Operational Risk

Operational risk refers to the risk of losses associated with deficiencies or failure of our internal processes, personnel and system, or impact from external events. Under the comprehensive risk management system, the Group has sorted out various systems and processes and made targeted and systematic improvements, optimised the procedures for identification, assessment, measurement, monitoring, handling and reporting of operational risks in various departments, and further improved the construction of relevant information systems, which consolidated the technical basis for operational risk management and enhanced the overall level of operational risk management. At the same time, we have strengthened the training and assessment of operational risk management to raise all employees' understanding of active management and risk responsibility. In the first half of 2024, our operational risk was satisfactory and no major operational risk event occurred.

Reputational Risk

Reputational risk refers to the risk of negative perception by stakeholders relating to operations, management, or other actions that we take, as well as external events relating to us. Under the comprehensive risk management framework, we have formulated reputational risk management policies as well as the mechanism for identifying, monitoring, assessing and reporting reputational risks and resolving material reputational risk events. We have arranged dedicated personnel to manage our media-related matters, including management of public relations with media, public opinion monitoring and management of public relations in crisis, and made use of big data and public opinions monitoring system in order to closely monitor and properly resolve reputational risk events. In the first half of 2024, the reputation of the Group was generally good and no major reputational risk event occurred.

10. HUMAN RESOURCES

As at June 30, 2024, the Group had 1,609 full-time employees (excluding dispatched labours) in total. The Group has a team of high-quality and professional employees. As at June 30, 2024, approximately 90.4% of the employees of the Group possessed a bachelor's degree or above or tertiary level of above, and 28.7% of the employees possessed a master's degree or above or postgraduate level or above.

We have established a training management system covering programs, resources and operations to expand our talent cultivation channel and promote the construction of talent pool. In the first half of 2024, we had conducted 180 training projects in total with 25,398 person-times. For new cadres, we carried out the “Sailing Program”, where we focused on problem-solving and practical thinking, and reinforced conversation and interaction to strengthen their ability to perform duties. We implemented the “Haitong Unitrust Lecture Hall” open class training to broaden the vision of employees, and the “Sunflower” internal trainer training program to train internal lecturers, and developed tailored courses to meet our needs for industrial transformation. We developed a learning ecosystem for acquiring, inheriting and applying knowledge by establishing an online learning platform.

During the Reporting Period, the staff costs of the Group were RMB400.2 million, representing a decrease of RMB59.7 million from RMB459.9 million for the same period last year.

The Group is committed to building a competitive and fair remuneration and benefits system and continues to reform the remuneration and incentive policies in order to effectively stimulate the business development of the Group. In accordance with applicable PRC laws and regulations, the Group made contributions to social security and insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for the employees. In addition to insurances stipulated in accordance with applicable PRC laws and regulations, the Group also provides supplemental commercial medical insurance. During the Reporting Period, the Group had performed all of its obligations in respect of statutory social insurance and housing provident funds in accordance with the applicable PRC laws in all material aspects.

11. CHARGES ON ASSETS

As at June 30, 2024, the Group’s finance lease receivables with a carrying amount of approximately RMB308.5 million and receivables arising from sale and leaseback arrangements with a carrying amount of approximately RMB813.2 million were pledged as collateral for borrowings, while the Group’s property and equipment with a carrying amount of approximately RMB6,207.3 million were mortgaged and equity interests in certain subsidiaries held by the Group were pledged to banks as collateral for bank borrowings.

12. CONTINGENT LIABILITIES

As at June 30, 2024, the Group had no contingent liabilities.

13. SUBSEQUENT EVENTS

The Group has not had any major subsequent events since June 30, 2024.

Other Information

1. CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high level of corporate governance in order to protect the rights of its Shareholders, enhance corporate value and improve the effectiveness of its development strategy as well as the transparency and accountability of the Group. The Company has adopted the Corporate Governance Code set out in Appendix C1 to the Hong Kong Listing Rules (the "Corporate Governance Code") as its corporate governance practices.

During the Reporting Period, the Company had complied with all provisions of the Corporate Governance Code and adopted most of the recommended best practices set out therein.

The Company will continue to improve its corporate governance practices based on its business activities and development needs, and review such practices from time to time to ensure it complies with the Corporate Governance Code and keeps up with the latest development.

2. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted a code of conduct for the securities transactions of Directors and Supervisors no less exacting than the standards of the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Hong Kong Listing Rules. Having made specific enquiry of all Directors and Supervisors, the Directors and Supervisors of the Company have confirmed that they had complied with the abovementioned code during the Reporting Period.

3. INTERIM DIVIDEND

The Board recommends the payment of an interim cash dividend to all ordinary Shareholders for the six months ended June 30, 2024. Based on the number of Shares of 8,235,300,000 Shares, the interim dividend to be distributed will be RMB0.43 per 10 Shares (tax inclusive) with a total amount of RMB354,117,900.00 (tax inclusive). The cash dividends are denominated and declared in RMB and will be paid to Domestic Shareholders in RMB. H Shareholders are entitled to elect to receive all, but not part, of their dividends in RMB, otherwise their H Share dividends will be paid in Hong Kong dollars. The actual distribution amount in Hong Kong dollars shall be determined with reference to the average mid-price of exchange rate between RMB and Hong Kong dollars announced by the People's Bank of China one week immediately prior to the date of the first extraordinary general meeting of 2024 to be held by the Company. Such interim dividend is subject to the approval of the Shareholders at the first extraordinary general meeting of 2024 to be held by the Company. Once approved, the 2024 interim dividend of the Company will be paid to the Shareholders whose names appear on the share register of the Company on Tuesday, October 29, 2024. The Company will send a dividend currency selection form to H Shareholders in due course for H Shareholders who wish to choose to receive H Share dividends in RMB.

For the purpose of determining the entitlement of Shareholders to receive the 2024 interim dividend, the register of members of the Company will be closed from Thursday, October 24, 2024 to Tuesday, October 29, 2024 (both dates inclusive). In order to qualify for receiving the 2024 interim dividend, H Shareholders and Domestic Shareholders should ensure all transfer documents, accompanied by the relevant Share certificates, are lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and to the Company's registered office at No. 599 South Zhongshan Road, Huangpu District, Shanghai, PRC, respectively, before 4:30 p.m. on Wednesday, October 23, 2024. The 2024 interim dividend is expected to be distributed no later than Tuesday, December 24, 2024.

Tax for Holders of H Shares

Pursuant to the Notice of Certain Issues on the Policies of Individual Income Tax by the Ministry of Finance and the State Taxation Administration (Cai Shui Zi [1994] No. 020) (《財政部、國家税務總局關於個人所得税若干政策問題的通知》(財税字[1994]020號)), overseas individuals are for the time being exempt from the individual income tax of the PRC for the dividends and bonuses from foreign-invested enterprises. As the Company is a foreign-invested enterprise, overseas individual Shareholders who are interested in the H Shares of the Company and whose names appeared in the register of holders of H Shares of the Company at the time of distribution of dividends of the Company shall not be subject to individual income tax of the PRC. Pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to Holders of H Shares Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家税務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》(國税函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall be subject to the enterprise income tax withheld at a uniform rate of 10%.

Domestic Shareholders Investing through Shenzhen-Hong Kong Stock Connect

Pursuant to the Notice on Tax Policies for Shenzhen-Hong Kong Stock Connect Pilot Program (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》(財税[2016]127號)), for dividends received by domestic individual investors from investing in H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the H share companies shall apply to China Securities Depository and Clearing Corporation Limited ("CSDC") for the provision of a register of domestic individual investors from CSDC to the H share companies, based on which the H share companies shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic individual investors from investing in non-H shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, CSDC shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. Individual investors who have paid the withholding tax abroad may apply for a tax credit with the competent tax authorities under CSDC with a valid tax deduction certificate.

Dividends received by domestic securities investment funds from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be subject to the individual income tax as mentioned above.

Dividends received by domestic enterprise investors from investing in shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect shall be included in their total income and shall be subject to the enterprise income tax. Dividends received by domestic resident enterprises which have been holding the H shares continuously for no less than 12 months shall be exempted from the enterprise income tax according to laws. H share companies listed on the Hong Kong Stock Exchange shall apply to CSDC for the provision of a register of domestic enterprise investors from CSDC to the H share companies, based on which the H share companies will not withhold and pay the income tax on behalf of the domestic enterprise investors in respect of the dividend received and those domestic enterprise investors shall report and pay the relevant tax themselves. When domestic enterprise investors report their enterprise income tax, they may apply for a tax credit for any income tax withheld and paid by non-H share companies listed on the Hong Kong Stock Exchange in respect of the dividends received according to laws.

4. AUDIT COMMITTEE

The Audit Committee consists of three Directors, namely Mr. Zeng Qingsheng and Mr. Yan Lixin (both are independent non-executive Directors) and Mr. Zhang Shaohua (non-executive Director). Mr. Zeng Qingsheng, as an independent non-executive Director with accounting expertise, is the chairman of the Audit Committee.

The Audit Committee has adopted its terms of reference in line with the Corporate Governance Code. The main responsibilities of the Audit Committee include proposing the engagement or change of external auditors; reviewing the financial information of the Company and its disclosure; and supervising the financial reporting and internal control procedures of the Company.

PricewaterhouseCoopers, the auditor of the Company, has reviewed the interim financial report prepared by the Group in accordance with the International Accounting Standards and the disclosure requirements of the Hong Kong Listing Rules. In addition, the Audit Committee has also reviewed and given consent to the interim results and interim report of the Group for the six months ended June 30, 2024.

5. CHANGES IN INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

In February 2024, Ms. Ha Erman became a director of AECC Commercial Aircraft Engine Co., Ltd..

In July 2024, Mr. He Chen ceased to be an assistant to the general manager of the Company.

6. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company (or sold treasury shares, if any). As at June 30, 2024, the Company did not have any treasury shares.

7. SHARE SCHEME

As at the date of this interim report, the Company had not adopted any share scheme under Chapter 17 of the Listing Rules.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at June 30, 2024, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

9. SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at June 30, 2024, to the knowledge of the Directors, the following persons (excluding Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Class of Shares	Capacity/nature of interest	Total number of Shares held	Percentage of total issued Shares of the Company	Percentage of total issued Shares of the same class of the Company	Long position/ short position
Haitong Securities	H Shares	Interests of controlled corporation[(1)]	4,559,153,176	55.36%	78.68%	Long position
	Domestic Shares	Interests of controlled corporation[(1)]	2,440,846,824	29.64%	100%	Long position
Haitong UT Capital Group Co., Limited	H Shares	Beneficial owner[(1)]	4,559,153,176	55.36%	78.68%	Long position
Haitong Innovation Securities Investment Co., Ltd.	Domestic Shares	Beneficial owner[(1)]	2,440,846,824	29.64%	100%	Long position

(1) Haitong Securities held 100% equity interests in Haitong Innovation Securities Investment Co., Ltd. and Haitong UT Capital Group Co., Limited. Hence, pursuant to the SFO, Haitong Securities was deemed to be interested in the 2,440,846,824 Domestic Shares held by Haitong Innovation Securities Investment Co., Ltd. and the 4,559,153,176 H Shares held by Haitong UT Capital Group Co., Limited.

Save as disclosed above, as at June 30, 2024, to the knowledge of the Directors, no other persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

10. LOAN AGREEMENTS

During the Reporting Period, the Company entered into loan agreements with certain banks, of which total loans of RMB299 million include terms requiring that the Group shall ensure that Haitong Securities maintains actual control over the Company. The terms of such loan agreements range from one to three years.

11. MATERIAL LAWSUIT, LITIGATION AND ARBITRATION

During the Reporting Period, there was no outstanding litigation or arbitration which was significant to the operation of the Group.

12. SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Company and its subsidiaries had no significant investment, material acquisition or disposal during the Reporting Period.

13. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this report, the Company and its subsidiaries do not have any future plans for material investments or capital assets as at the date of this report.

Definitions

"Audit Committee"	the audit committee of the Company
"Board"	the board of Directors of the Company
"CBIRC"	China Banking and Insurance Regulatory Commission, formed by a merger of China Banking Regulatory Commission and China Insurance Regulatory Commission with the approval of the National People's Congress of the PRC on March 17, 2018. According to the Decision of the First Meeting of the Fourteenth Session of National People's Congress Regarding the Structural Reform Plan of the State Council (《第十四屆全國人民代表大會第一次會議關於國務院機構改革方案的決定》) (adopted at the first meeting of the fourteenth session of the National People's Congress held on March 10, 2023, the National Financial Regulatory Administration (國家金融監督管理總局) was established on the basis of the China Banking and Insurance Regulatory Commission and officially unveiled on May 18, 2023. The China Banking and Insurance Regulatory Commission was no longer retained
"Controlling Shareholder"	has the meaning ascribed to it under the Listing Rules
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, as amended, supplemented or otherwise modified from time to time
"CSDC"	China Securities Depository and Clearing Corporation Limited
"Director(s)"	member(s) of the Board of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, held by investor(s) in Mainland China
"Environmental, Social and Governance Committee"	the environmental, social and governance committee of the Company
"ESG"	Environment, Social and Governance
"Federal Reserve"	the Federal Reserve System of the United States
"Group" or "we" or "us"	the Company and its subsidiaries
"H Share(s)"	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, subscribed for and traded in HK dollars and listed on the Hong Kong Stock Exchange

Definitions

"Haitong Securities"	Haitong Securities Co., Ltd., a company incorporated in the PRC in August 1988, the H shares and A shares of which are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively. It is the ultimate Controlling Shareholder of the Company
"Haitong Unitrust" or "Company"	Haitong Unitrust International Financial Leasing Co., Ltd.
"HK dollar(s)" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"IFRS"	International Financial Reporting Accounting Standards, which include standards, amendments and interpretations promulgated by the International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
"IoT"	Internet of Things
"JPY"	the lawful currency of Japan
"Listing"	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"MSE Subsidiary"	Haitong UT MSE Financial Leasing (Shanghai) Co., Ltd
"Nomination Committee"	the nomination committee of the Company
"PBOC"	People's Bank of China, the central bank of the PRC
"Remuneration and Evaluation Committee"	the remuneration and evaluation committee of the Company
"Reporting Period"	the six months ended June 30, 2024

"Risk Management Committee"	the risk management committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	the share(s) in the share capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	the holder(s) of Shares
"subsidiary(ies)"	has the meaning ascribed to it in section 15 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
"Supervisor(s)"	member(s) of the Board of Supervisors of the Company
"UniFortune Subsidiary"	Haitong UniFortune Financial Leasing (Shanghai) Corporation
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "US dollar(s)"	United States dollar(s), the lawful currency of the United States

Certain amounts and percentage figures included in this report have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

Glossary of Technical Terms

"14th Five-Year Plan"	the Outline of the "14th Five-Year Plan" for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035
"20th CPC National Congress"	the 20th National Congress of the Communist Party of China
"emission peak and carbon neutrality"	the low-carbon development target proposed by the Chinese government that it will strive to peak its carbon dioxide emissions by 2030 and achieve carbon neutrality by 2060
"fin-tech"	financial technology
"Five Major Sectors"	the five major sectors of development for technology finance, green finance, inclusive finance, pension finance and digital finance put forward in the Central Financial Work Conference held at the end of October 2023
"IDC"	Internet Data Centre
"LME"	large and medium-sized enterprises
"LPR"	Loan Prime Rate
"Made in China 2025"	the strategic document issued by the State Council in May 2015 regarding the full promotion of becoming a world manufacturing power, being the first ten-year action plan for the strategy of "becoming a world manufacturing power"
"MSE"	micro- and small-sized enterprises
"Niche"	the features of "specialisation, refinement, distinctiveness and novelty" as defined under the Guiding Opinions of the Ministry of Industry and Information Technology on the Promotion of "Niche" Medium- and Small-sized Enterprises (MIIT Qi Ye [2013] No. 264)
"Niche 'small giant' enterprises"	leading enterprises recognised by the MIIT based on certain criteria of "niche" enterprises which focus on segmented markets with strong innovation capability, high market share, core technologies and excellent quality and efficiency
"NPA(s)"	non-performing asset(s)
"Refinancing to Support Agriculture and Small Businesses"	a monetary policy instrument developed by the People's Bank of China to facilitate the growth of agriculture and MSEs by offering low-cost financial assistance to rural financial institutions and specific MSEs, thereby reducing the cost of financing for these enterprises

Report on Review of Interim Financial Information

羅兵咸永道

To the Board of Directors of
Haitong Unitrust International Financial Leasing Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 68 to 120, which comprises the interim condensed consolidated statement of financial position of Haitong Unitrust International Financial Leasing Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong,
August 29, 2024

Interim Condensed Consolidated Statement of Profit or Loss for the Six Months Ended June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

		Six months ended June 30	
		2024	2023
	Notes	**(Unaudited)**	(Unaudited)
Revenue			
Finance lease income	5	**765,502**	781,925
Interest income from sale and leaseback arrangements	5	**2,528,571**	2,831,408
Operating lease income	5	**302,343**	281,513
Service fee income	5	**127,555**	383,249
Interest income from entrusted loans and other loans	5	**1,451**	7,721
Total revenue		**3,725,422**	4,285,816
Net investment losses	6	**(13,586)**	(40,562)
Other income, gains or losses	7	**316,717**	299,130
Losses from derecognition of financial assets measured at amortised cost		**—**	(16,795)
Total revenue and other income, gains or losses		**4,028,553**	4,527,589
Depreciation and amortisation	8	**(194,394)**	(190,987)
Staff costs	9	**(400,216)**	(459,873)
Interest expenses	10	**(1,633,519)**	(1,850,432)
Other operating expenses	11	**(154,432)**	(182,561)
Impairment losses under expected credit loss model	12	**(548,182)**	(723,332)
Other impairment losses		**(9,002)**	(8,305)
Total expenses		**(2,939,745)**	(3,415,490)
Profit before income tax		**1,088,808**	1,112,099
Income tax expenses	13	**(276,637)**	(304,470)
Profit for the period		**812,171**	807,629

The notes on pages 76 to 120 are part of these financial statements.

Interim Condensed Consolidated Statement of Profit or Loss for the Six Months Ended June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Six months ended June 30 2024 (Unaudited)	2023 (Unaudited)
Attributable to:			
Owners of the Company			
— Ordinary shareholders		**745,903**	743,612
— Other equity instrument holders		**64,407**	62,762
Non-controlling interests		**1,861**	1,255
		812,171	807,629
Earnings per share attributable to ordinary shareholders of the Company			
(Expressed in RMB Yuan per share)			
— Basic	14	**0.09**	0.09
— Diluted	14	**N/A**	N/A

The notes on pages 76 to 120 are part of these financial statements.

Interim Condensed Consolidated Statement of Comprehensive Income for the Six Months Ended June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Profit for the period	**812,171**	807,629
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	**6,520**	44,100
Fair value gain on hedging instruments designated as cash flow hedges	**12,775**	54,803
Other comprehensive income for the period, net of income tax	**19,295**	98,903
Total comprehensive income for the period	**831,466**	906,532
Attributable to:		
Owners of the Company		
— Ordinary shareholders	**765,198**	842,515
— Other equity instrument holders	**64,407**	62,762
Non-controlling interests	**1,861**	1,255
	831,466	906,532

The notes on pages 76 to 120 are part of these financial statements.

Interim Condensed Consolidated Statement of Financial Position as at June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current assets			
Property and equipment	16	**6,989,249**	7,127,725
Right-of-use assets	16	**29,251**	32,957
Intangible assets	16	**52,598**	57,278
Finance lease receivables	17	**10,157,761**	11,248,040
Receivables arising from sale and leaseback arrangements	18	**36,083,833**	40,593,188
Financial assets at fair value through profit or loss	24	**15,529**	24,788
Loans and receivables	19	**520**	1,476
Deferred tax assets	20	**1,682,712**	1,856,206
Other assets	21	**2,554,849**	2,715,261
Total non-current assets		**57,566,302**	63,656,919
Current assets			
Finance lease receivables	17	**7,716,322**	8,644,405
Receivables arising from sale and leaseback arrangements	18	**37,017,928**	38,923,317
Loans and receivables	19	**85,870**	163,178
Other assets	21	**1,449,571**	1,127,550
Accounts receivable	22	**95,712**	107,039
Financial assets held under resale agreements	23	**—**	199,398
Financial assets at fair value through profit or loss	24	**552,143**	1,105,208
Derivative financial assets	25	**104,841**	88,275
Cash and bank balances	26	**8,493,161**	9,335,839
Total current assets		**55,515,548**	59,694,209
Total assets		**113,081,850**	123,351,128

The notes on pages 76 to 120 are part of these financial statements.

Interim Condensed Consolidated Statement of Financial Position as at June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current liabilities			
Borrowings	27	**22,605,564**	23,688,060
Derivative financial liabilities	25	**43,516**	5,719
Accrued staff costs	28	**208,704**	314,289
Accounts payable	29	**509,554**	277,034
Bonds payable	30	**18,989,436**	23,730,125
Income tax payable		**289,335**	568,113
Other liabilities	31	**5,235,098**	5,281,661
Total current liabilities		**47,881,207**	53,865,001
Net current assets		**7,634,341**	5,829,208
Total assets less current liabilities		**65,200,643**	69,486,127
Equity			
Share capital	32	**8,235,300**	8,235,300
Reserves			
— Capital reserve		**2,464,333**	2,467,526
— Surplus reserve		**826,943**	826,943
— Hedging reserve		**110,882**	98,107
— Translation reserve		**33,767**	27,247
Retained profits		**5,510,144**	5,110,081
Other equity instruments	33	**2,957,113**	3,430,674
Equity attributable to owners of the Company		**20,138,482**	20,195,878
— Ordinary shareholders		**17,181,369**	16,765,204
— Other equity instrument holders		**2,957,113**	3,430,674
Non-controlling interests		**54,306**	49,435
Total equity		**20,192,788**	20,245,313

The notes on pages 76 to 120 are part of these financial statements.

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Non-current liabilities			
Borrowings	27	**18,795,345**	22,105,308
Bonds payable	30	**21,244,861**	21,657,682
Deferred tax liabilities	20	**17,399**	13,145
Other liabilities	31	**4,950,250**	5,464,679
Total non-current liabilities		**45,007,855**	49,240,814
Total equity and non-current liabilities		**65,200,643**	69,486,127

The notes on pages 76 to 120 are part of these financial statements.

The unaudited interim condensed consolidated financial statements on pages 68 to 120 were approved and authorised for issue by the Board of Directors on August 29, 2024 and signed on behalf by:

Ding Xueqing	**Zhou Jianli**
Chairman of the Board/ Executive Director	Executive Director/ General Manager

Interim Condensed Consolidated Statement of Changes in Equity for the Six Months Ended June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Attributable to owners of the Company									
	Share capital (Note 32)	Capital reserve	Surplus reserve	Hedging reserve	Translation reserve	Retained profits	Ordinary shareholders Sub-total	Other equity instruments (Note 33)	Non-controlling interests	Total equity
At December 31, 2023 (Audited)	**8,235,300**	**2,467,526**	**826,943**	**98,107**	**27,247**	**5,110,081**	**16,765,204**	**3,430,674**	**49,435**	**20,245,313**
Profit for the period	–	–	–	–	–	745,903	745,903	64,407	1,861	812,171
Other comprehensive income for the period	–	–	–	12,775	6,520	–	19,295	–	–	19,295
Total comprehensive income for the period	–	–	–	12,775	6,520	745,903	765,198	64,407	1,861	831,466
Issuance of other equity instruments	–	(3,193)	–	–	–	–	(3,193)	1,500,000	–	1,496,807
Redemption of other equity instruments	–	–	–	–	–	–	–	(1,970,000)	–	(1,970,000)
Interest distribution of other equity instruments	–	–	–	–	–	–	–	(67,925)	–	(67,925)
Dividends recognised as distribution of ordinary shares (Note 15)	–	–	–	–	–	(345,883)	(345,883)	–	–	(345,883)
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	3,010	3,010
Others	–	–	–	–	–	43	43	(43)	–	–
At June 30, 2024 (Unaudited)	**8,235,300**	**2,464,333**	**826,943**	**110,882**	**33,767**	**5,510,144**	**17,181,369**	**2,957,113**	**54,306**	**20,192,788**
At December 31, 2022 (Audited)	8,235,300	2,486,007	713,394	68,236	8,504	4,628,044	16,139,485	2,642,903	44,276	18,826,664
Profit for the period	–	–	–	–	–	743,612	743,612	62,762	1,255	807,629
Other comprehensive income for the period	–	–	–	54,803	44,100	–	98,903	–	–	98,903
Total comprehensive income for the period	–	–	–	54,803	44,100	743,612	842,515	62,762	1,255	906,532
Issuance of other equity instruments	–	(14,759)	–	–	–	–	(14,759)	1,013,023	–	998,264
Redemption of other equity instruments	–	–	–	–	–	–	–	(600,000)	–	(600,000)
Interest distribution of other equity instruments	–	–	–	–	–	–	–	(192,720)	–	(192,720)
Dividends recognised as distribution of ordinary shares (Note 15)	–	–	–	–	–	(477,647)	(477,647)	–	–	(477,647)
Capital injection by non-controlling interests	–	–	–	–	–	–	–	–	1,566	1,566
Others	–	–	–	–	–	(9)	(9)	9	–	–
At June 30, 2023 (Unaudited)	8,235,300	2,471,248	713,394	123,039	52,604	4,894,000	16,489,585	2,925,977	47,097	19,462,659

The notes on pages 76 to 120 are part of these financial statements.

Interim Condensed Consolidated Statement of Cash Flows for the Six Months Ended June 30, 2024

(All amounts expressed in thousands of RMB unless otherwise stated)

	Notes	Six months ended June 30 2024 (Unaudited)	2023 (Unaudited)
Net cash generated from/(used in) operating activities		**10,525,283**	291,956
Investing activities			
Proceeds from sale of financial assets held under resale agreements		**2,748,277**	—
Proceeds from sale of financial assets at fair value through profit or loss		**7,789,501**	1,397,999
Income received from financial investments		**37,601**	6,913
Disposal of property and equipment		**21**	25
Purchase of financial assets held under resale agreements		**(2,548,229)**	—
Purchase of financial assets at fair value through profit or loss		**(7,286,000)**	(1,683,298)
Purchase of property and equipment and intangible assets		**(6,215)**	(12,927)
Net cash generated from/(used in) investing activities		**734,956**	(291,288)
Financing activities			
Proceeds from issuance of other equity instruments		**1,500,000**	1,000,000
Proceeds from capital injection of the non-controlling investors		**3,010**	1,566
Proceeds from borrowings		**8,464,375**	14,135,564
Proceeds from issuance of bonds		**10,826,955**	19,755,000
Repayments of borrowings		**(12,840,724)**	(14,581,547)
Repayments of bonds payable		**(15,999,752)**	(15,093,585)
Redemption of other equity instruments		**(1,970,000)**	(600,000)
Repayments of lease liabilities		**(11,935)**	(14,111)
Payments for interest		**(1,585,677)**	(1,598,674)
Payments for the costs of borrowings		**(35,201)**	(68,097)
Payments for the costs of bonds issuance		**(57,479)**	(72,339)
Payments for the costs of other equity instruments issuance		**(3,193)**	(5,255)
Payments for distribution of other equity instruments		**(86,642)**	(60,279)
Payments for dividends		**—**	(7,163)
Net cash generated from/(used in) financing activities		**(11,796,263)**	2,791,080
Net (decrease)/increase in cash and cash equivalents		**(536,024)**	2,791,748
Cash and cash equivalents at beginning of the period	36	**8,374,051**	5,409,483
Effect of foreign exchange rate changes		**(3,187)**	2,844
Cash and cash equivalents at end of the period	36	**7,834,840**	8,204,075

The notes on pages 76 to 120 are part of these financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

(All amounts expressed in thousands of RMB unless otherwise stated)

1. GENERAL INFORMATION

Haitong Unitrust International Financial Leasing Co., Ltd. (海通恒信國際融資租賃股份有限公司) (the "Company") was listed on The Stock Exchange of Hong Kong Limited on June 3, 2019. The registered office of the Company is located at No.599 South Zhongshan Road, Huang Pu District, Shanghai, the People's Republic of China (the "PRC").

The approved business scope of the Company and its subsidiaries (collectively the "Group") mainly includes the finance lease business, lease business, purchase of leased assets from both domestic and international suppliers, residual value disposal and maintenance of leased assets, advisory services and guarantee of lease transactions, commercial factoring business related to the main business and other services as approved by relevant laws and regulations.

The unaudited interim condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION AND PRESENTATION

The interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements of the Group should be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2023.

3. ACCOUNTING POLICY INFORMATION

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

As described below, other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRS Accounting Standards"), the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's consolidated financial statements for the year ended December 31, 2023.

(All amounts expressed in thousands of RMB unless otherwise stated)

3. ACCOUNTING POLICY INFORMATION (CONTINUED)

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after January 1, 2024 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 7 and IFRS 7	Supplier finance arrangements

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current interim period and prior years and/or on the disclosures set out in these interim condensed/annual consolidated financial statements.

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Lack of Exchangeability[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments[3]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[4]

1 Effective for annual periods beginning on or after January 1, 2025.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after January 1, 2026.
4 Effective for annual periods beginning on or after January 1, 2027.

The directors of the Company anticipate that the application of all these new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

(All amounts expressed in thousands of RMB unless otherwise stated)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of the interim condensed consolidated financial statements requires the use of certain critical accounting estimates. It also requires management of the Group to exercise its judgment in the process of applying the accounting policies. The key sources of estimation uncertainty used in the interim condensed consolidated financial statements for six months ended June 30, 2024 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended December 31, 2023.

5. REVENUE AND SEGMENT INFORMATION

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Finance lease income (Note i)	**765,502**	781,925
Interest income from sale and leaseback arrangements (Note ii)	**2,528,571**	2,831,408
Operating lease income (Note iii)	**302,343**	281,513
Service fee income (Note iv)	**127,555**	383,249
Interest income from entrusted loans and other loans (Note ii)	**1,451**	7,721
Total	**3,725,422**	4,285,816

Notes:

(i) The Group has no variable lease payments which is not included in the measurement of finance lease receivables for the six months ended June 30, 2024 and 2023.

(ii) The interest income from sale and leaseback arrangements, and entrusted loans and other loans are all interest revenue calculated using the effective interest method.

(iii) The Group recognises lease payments from operating leases as income on a straight-line basis(or another systematic basis) over the lease term.

(iv) Service fee income is from contracts with customers and recognised at a point in time when the services are completed under the terms of each service agreement and the revenue can be measured reliably, since only by that time the Group has a present right to charge the customers for the service performed. The services are all for periods of one year or less. The Group mainly offers various consulting services to customers. The scope of services usually covers management consulting services for suppliers, industrial chains supporting services, operation and maintenance management consulting services for enterprises, support services for enterprises' digital transformation and other type of consulting services.

(All amounts expressed in thousands of RMB unless otherwise stated)

5. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment reporting

The management of the Company has determined that the Group has only one operating and reportable segment throughout the reporting period. The management of the Company reviews the interim condensed consolidated statement of financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

Geographical information

The Group's revenue from external customers is derived mainly from its operations and services rendered in the PRC, and non-current assets of the Group are mainly located in the PRC.

Information about major customers

During the six months ended June 30, 2024 and 2023, there was no revenue from transactions with a single external customer amounting to 10% or more of the Group's total revenue.

6. NET INVESTMENT LOSSES

	Six months ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
Net gains arising from derivative financial instruments	**1,208**	—
Net losses arising from financial assets at fair value through profit or loss	**(14,794)**	(40,562)
Total	**(13,586)**	(40,562)

7. OTHER INCOME, GAINS OR LOSSES

	Six months ended June 30	
	2024 (Unaudited)	2023 (Unaudited)
Government grants (Note)	**162,230**	124,574
Interest income from deposits with financial institutions	**68,117**	57,625
Interest income from asset-backed securities	**18,154**	40,446
Interest income from financial assets held under resale agreements	**706**	—
Gains on disposal of finance lease assets	**146**	887
Foreign exchange losses, net	**(15,536)**	(24,362)
Others	**82,900**	99,960
Total	**316,717**	299,130

Note: Government grants primarily consist of preferential policy of the government for value-added tax and fiscal support that local governments offer to enterprises in financial leasing industry, etc.

(All amounts expressed in thousands of RMB unless otherwise stated)

8. DEPRECIATION AND AMORTISATION

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Depreciation of property and equipment	**175,812**	174,117
Depreciation of right-of-use assets	**11,480**	13,254
Amortisation of intangible assets	**7,102**	3,616
Total	**194,394**	190,987

9. STAFF COSTS

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Salaries, bonus and allowances	**286,364**	343,605
Social welfare	**95,551**	94,236
Others	**18,301**	22,032
Total	**400,216**	459,873

The domestic employees of the Group in the PRC participate in state-managed social welfare plans, including social pension insurance, health care insurance, housing funds and other social welfare contributions, operated by the relevant municipal and provincial governments. According to the relevant regulations, the premiums and welfare benefit contributions borne by the Group are calculated and paid to the relevant labor and social welfare authorities on a regular basis. These social security plans are defined contribution plans and contributions to the plans are expensed as incurred. Apart from participating in various defined contribution retirement benefit plans organised by municipal and provincial governments in Mainland China, the Group is also required to make monthly contributions to annuity plans at fixed rates of the employees' salaries and bonus for the period. These pension plans constitute defined contribution. The Group's contributions to these pension plans are charged to profit or loss in the period to which they related.

10. INTEREST EXPENSES

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Interest on liabilities:		
Bank and other borrowings	**873,186**	1,042,452
Bonds payable	**759,662**	807,107
Lease liabilities	**671**	873
Total	**1,633,519**	1,850,432

(All amounts expressed in thousands of RMB unless otherwise stated)

11. OTHER OPERATING EXPENSES

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Business travelling expenses	**33,766**	38,524
Advisory expenses	**19,697**	44,111
Tax and surcharges	**17,930**	13,625
Administrative expenses	**10,469**	12,975
Property management expenses	**6,748**	6,851
Electronic equipment operational expenses	**5,105**	23,479
Bank charges	**4,912**	2,829
Communication expenses	**4,246**	8,058
Expenses incurred in recovery of leased assets	**4,042**	4,081
Business development expenses	**3,060**	4,976
Auditor's fee	**2,265**	1,927
Others	**42,192**	21,125
Total	**154,432**	182,561

12. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Impairment loss recognised/(reversed) on:		
— finance lease receivables	**226,706**	145,668
— receivables arising from sale and leaseback arrangements	**277,186**	459,552
— loans and receivables	**36,894**	84,287
— accounts receivable	**1,821**	6,151
— financial assets held under resale agreements	**(650)**	—
— bank balances	**83**	(14)
— other financial assets	**6,142**	27,688
Total	**548,182**	723,332

(All amounts expressed in thousands of RMB unless otherwise stated)

13. INCOME TAX EXPENSES

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Current tax:		
PRC Enterprise Income Tax	**99,503**	315,244
Hong Kong Profit Tax	**5,379**	5,060
Other jurisdictions	**86**	62
Sub-total	**104,968**	320,366
Deferred tax:	**171,669**	(15,896)
Total	**276,637**	304,470

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and the Regulation on the Implementation of the EIT Law, the tax rate of the Company and the domestic subsidiaries of the Group in the PRC is 25.0%. Taxation relating to group entities located in Hong Kong is calculated at the prevailing rate of 16.5% or 8.25%, and taxation relating to group entities located in Ireland is calculated at the prevailing rate of 12.5% or 25.0%.

14. EARNINGS PER SHARE

	Six months ended June 30	
	2024	2023
	(Unaudited)	(Unaudited)
Earnings for the purpose of basic and diluted earnings per share:		
Profit for the period attributable to ordinary shareholders of the Company	**745,903**	743,612
Weighted average number of shares for basic earnings per share (in ’000)	**8,235,300**	8,235,300
Weighted average number of shares for diluted earnings per share (in ’000)	**N/A**	N/A
Basic earnings per share (Expressed in RMB Yuan per share)	**0.09**	0.09
Diluted earnings per share (Expressed in RMB Yuan per share)	**N/A**	N/A

No diluted earnings per share for the six months ended June 30, 2024 and 2023 was presented as there were no potential ordinary shares in issue during the current/prior interim periods.

15. DIVIDENDS

Subsequent to the end of the reporting period, based on 8,235,300,000 ordinary shares, the Board of Directors of the Company recommended to distribute a cash dividend of RMB0.43 per 10 shares (tax inclusive) in respect of the six months ended June 30, 2024 (the interim dividend), in an aggregate amount of RMB354,117,900.00 (tax inclusive), which is subject to approval by the shareholders in the first extraordinary general meeting of 2024 to be held (2023 interim dividend: RMB395,294,400.00 (tax inclusive)).

The annual cash dividend in respect of the year ended December 31, 2023 was RMB0.42 per 10 shares (tax inclusive), in an aggregate amount of RMB345,882,600.00 (tax inclusive) (2022 annual dividend: RMB477,647,400.00 (tax inclusive)).

16. PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the six months ended June 30, 2024, the Group acquired items of property and equipment at a total cost of RMB4,608 thousand (six months ended June 30, 2023: RMB5,302 thousand).

As at June 30, 2024, the net carrying amount of the Group's property and equipment held for administrative purpose used as collateral for the Group's bank borrowings amounted to RMB1,571,809 thousand (December 31, 2023: RMB1,594,312 thousand).

As at June 30, 2024, the net carrying amount of the Group's aircraft held for operating leasing business amounted to RMB5,074,624 thousand (December 31, 2023: RMB5,156,559 thousand), among which RMB4,635,517 thousand was used as collateral for the Group's bank borrowings (December 31, 2023: RMB4,709,180 thousand).

During the current interim period, the Group entered into several new lease agreements with lease terms ranging from 36 to 62 months. During the six months ended June 30, 2024, the Group recognised right-of-use assets of RMB8,316 thousand (six months ended June 30, 2023: RMB4,166 thousand) and lease liabilities of RMB8,316 thousand (six months ended June 30, 2023: RMB4,166 thousand).

During the six months ended June 30, 2024, the Group acquired items of intangible assets at a total cost of RMB2,421 thousand (six months ended June 30, 2023: RMB7,683 thousand). The items are mainly Computer software.

Impairment assessment

During the six months ended June 30, 2024, aircraft were tested for indicators of impairment. In case where the carrying amounts of the aircraft exceeded the higher of value in use and fair value less costs of disposal, an impairment charge was recognised. Based on the result of the assessment, the Group recognised no impairment loss related to property and equipment for the current interim period (six months ended June 30, 2023: the Group recognised no impairment loss related to property and equipment). As at June 30, 2024, the Group's allowance for impairment losses for property and equipment amounted to RMB51,711 thousand (December 31, 2023: RMB51,391 thousand).

(All amounts expressed in thousands of RMB unless otherwise stated)

17. FINANCE LEASE RECEIVABLES

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Minimum finance lease receivables		
— Within one year	**9,362,733**	10,513,721
— In the second year	**5,586,615**	5,835,744
— In the third year	**2,782,824**	3,275,980
— In the fourth year	**1,287,029**	1,513,911
— In the fifth year	**712,530**	779,672
— After five years	**1,720,380**	1,967,554
Gross amount of finance lease receivables	**21,452,111**	23,886,582
Less: Unearned finance lease income	**(2,746,505)**	(3,077,166)
Present value of minimum finance lease receivables	**18,705,606**	20,809,416
Less: Impairment loss allowance	**(831,523)**	(916,971)
Carrying amount of finance lease receivables	**17,874,083**	19,892,445
Present value of minimum finance lease receivables		
— Within one year	**8,139,993**	9,131,659
— In the second year	**4,842,670**	5,037,427
— In the third year	**2,408,637**	2,844,894
— In the fourth year	**1,136,548**	1,325,698
— In the fifth year	**633,930**	694,776
— After five years	**1,543,828**	1,774,962
Total	**18,705,606**	20,809,416
Analysed as:		
Current	**7,716,322**	8,644,405
Non-current	**10,157,761**	11,248,040
Total	**17,874,083**	19,892,445

(All amounts expressed in thousands of RMB unless otherwise stated)

17. FINANCE LEASE RECEIVABLES (CONTINUED)

The Group entered into finance lease arrangements with leased assets for certain machinery equipment of transportation & logistics, advanced manufacturing industries, etc. Substantially all finance leases of the Company and its subsidiaries are denominated in RMB. The terms of finance leases entered into mainly range from one to twelve years. Finance lease receivables are secured over the underlying leasing assets. The Group is not permitted to sell or repledge the collateral in the absence of default by lessee.

As at June 30, 2024, the Group's finance lease receivables pledged as collateral for the Group's bank borrowings amounted to RMB308,465 thousand (December 31, 2023: RMB618,676 thousand).

The floating interest rates of finance lease receivables were with reference to the Loan Prime Rate ("LPR") and were adjusted periodically.

Movements of impairment loss allowance for finance lease receivables are as follows:

	Stage 1 12-months expected credit loss ("ECL")	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
As at December 31, 2023 (Audited)	358,787	380,220	177,964	916,971
Changes in the loss allowance (Unaudited):				
— Transfer to Stage 1	87,796	(79,091)	(8,705)	—
— Transfer to Stage 2	(19,241)	22,976	(3,735)	—
— Transfer to Stage 3	(14,759)	(84,259)	99,018	—
— Recovery of finance lease receivables previously written off	—	—	59,791	59,791
— Write-offs	—	—	(268,063)	(268,063)
— Other derecognition	—	—	(103,882)	(103,882)
— (Reversal)/Charge for the period	(78,431)	145,965	159,172	226,706
As at June 30, 2024 (Unaudited)	334,152	385,811	111,560	831,523

(All amounts expressed in thousands of RMB unless otherwise stated)

17. FINANCE LEASE RECEIVABLES (CONTINUED)

	Stage 1 12-months ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
As at December 31, 2022 (Audited)	439,314	531,299	619,279	1,589,892
Changes in the loss allowance:				
— Transfer to Stage 1	61,724	(54,610)	(7,114)	—
— Transfer to Stage 2	(49,563)	53,102	(3,539)	—
— Transfer to Stage 3	(29,635)	(306,001)	335,636	—
— Recovery of finance lease receivables previously written off	—	—	132,514	132,514
— Write-offs	—	—	(680,809)	(680,809)
— Other derecognition	—	—	(514,284)	(514,284)
— (Reversal)/Charge for the year	(63,053)	156,430	296,281	389,658
As at December 31, 2023 (Audited)	358,787	380,220	177,964	916,971

Analysis of present value of minimum finance lease receivables:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at June 30, 2024 (Unaudited)	**17,245,529**	**1,305,859**	**154,218**	**18,705,606**
As at December 31, 2023 (Audited)	19,138,399	1,394,427	276,590	20,809,416

(All amounts expressed in thousands of RMB unless otherwise stated)

18. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS

The table below illustrates the gross and net amounts of receivables arising from sale and leaseback arrangements:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
— Within one year	**41,663,144**	43,518,245
— In the second year	**23,607,944**	26,126,129
— In the third year	**11,379,515**	12,174,279
— In the fourth year	**2,963,947**	4,641,182
— In the fifth year	**1,077,929**	1,329,793
— After five years	**1,265,726**	1,076,326
Gross amount of receivables arising from sale and leaseback arrangements	**81,958,205**	88,865,954
Less: Interest adjustment	**(6,761,329)**	(7,475,895)
Present value of receivables arising from sale and leaseback arrangements	**75,196,876**	81,390,059
Less: Impairment loss allowance	**(2,095,115)**	(1,873,554)
Carrying amount of receivables arising from sale and leaseback arrangements	**73,101,761**	79,516,505
Present value of receivables arising from sale and leaseback arrangements:		
— Within one year	**38,226,048**	39,882,354
— In the second year	**21,660,353**	23,924,378
— In the third year	**10,440,736**	11,143,670
— In the fourth year	**2,719,429**	4,245,686
— In the fifth year	**989,003**	1,214,360
— After five years	**1,161,307**	979,611
Total	**75,196,876**	81,390,059
Analysed as:		
Current	**37,017,928**	38,923,317
Non-current	**36,083,833**	40,593,188
Total	**73,101,761**	79,516,505

(All amounts expressed in thousands of RMB unless otherwise stated)

18. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (CONTINUED)

As at June 30, 2024, the Group's receivables arising from sale and leaseback arrangements pledged as collateral for the Group's bank and other financial institutions borrowings amounted to RMB813,180 thousand (December 31, 2023: RMB1,420,613 thousand).

Movements of impairment loss allowance for receivables arising from sale and leaseback arrangements are as follows:

	Stage 1 12-months ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
As at December 31, 2023 (Audited)	1,003,946	658,069	211,539	1,873,554
Changes in the loss allowance (Unaudited):				
— Transfer to Stage 1	154,949	(153,271)	(1,678)	—
— Transfer to Stage 2	(23,821)	54,709	(30,888)	—
— Transfer to Stage 3	(1,506)	(34,988)	36,494	—
— Recovery of receivables arising from sale and leaseback arrangements previously written off	—	—	2,191	2,191
— Write-offs	—	—	(47,302)	(47,302)
— Other derecognition	—	—	(10,516)	(10,516)
— (Reversal)/Charge for the period	(77,346)	188,504	166,028	277,186
— Exchange differences	2	—	—	2
As at June 30, 2024 (Unaudited)	1,056,224	713,023	325,868	2,095,115

(All amounts expressed in thousands of RMB unless otherwise stated)

18. RECEIVABLES ARISING FROM SALE AND LEASEBACK ARRANGEMENTS (CONTINUED)

	Stage 1	Stage 2	Stage 3	
		Lifetime ECL not	Lifetime ECL	
	12-months ECL	credit-impaired	credit-impaired	Total
As at December 31, 2022 (Audited)	952,362	159,715	72,953	1,185,030
Changes in the loss allowance:				
— Transfer to Stage 1	275	(259)	(16)	—
— Transfer to Stage 2	(72,798)	74,196	(1,398)	—
— Transfer to Stage 3	(8,391)	(77,532)	85,923	—
— Recovery of receivables arising from sale and leaseback arrangements previously written-off	—	—	1,021	1,021
— Write-offs	—	—	(23,724)	(23,724)
— Other derecognition	—	—	(232,098)	(232,098)
— Charge for the year	132,473	501,949	308,878	943,300
— Exchange differences	25	—	—	25
As at December 31, 2023 (Audited)	1,003,946	658,069	211,539	1,873,554

Analysis of present value of receivables arising from sale and leaseback arrangements:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at June 30, 2024 (Unaudited)	**71,701,979**	**2,944,140**	**550,757**	**75,196,876**
As at December 31, 2023 (Audited)	77,943,628	2,953,791	492,640	81,390,059

(All amounts expressed in thousands of RMB unless otherwise stated)

19. LOANS AND RECEIVABLES

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Entrusted loans and other loans	**383,999**	425,363
Less: Impairment loss allowance	**(297,609)**	(260,709)
Total	**86,390**	164,654
Analysed as:		
Current	**85,870**	163,178
Non-current	**520**	1,476
Total	**86,390**	164,654

(All amounts expressed in thousands of RMB unless otherwise stated)

19. LOANS AND RECEIVABLES (CONTINUED)

19a. The table below illustrates the present value and net amounts of entrusted loans and other loans:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	383,465	423,848
More than one year but not exceeding five years	534	1,515
Present value of entrusted loans and other loans	383,999	425,363
Less: Impairment loss allowance	(297,609)	(260,709)
Carrying amount of entrusted loans and other loans	86,390	164,654

19b. Movements of impairment loss allowance for loans and receivables are as follows:

	Stage 1 12-months ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
As at December 31, 2023 (Audited)	1,353	—	259,356	260,709
Changes in the loss allowance (Unaudited):				
— (Reversal)/Charge for the period	(1,205)	—	38,099	36,894
— Exchange differences	6	—	—	6
As at June 30, 2024 (Unaudited)	154	—	297,455	297,609

(All amounts expressed in thousands of RMB unless otherwise stated)

19. LOANS AND RECEIVABLES (CONTINUED)

19b. Movements of loss allowance for loans and receivables are as follows (continued):

	Stage 1 12-months ECL	Stage 2 Lifetime ECL not credit-impaired	Stage 3 Lifetime ECL credit-impaired	Total
As at December 31, 2022 (Audited)	3,301	160,167	—	163,468
Changes in the loss allowance:				
— Transfer to Stage 3	—	(160,167)	160,167	—
— (Reversal)/Charge for the year	(2,005)	—	99,189	97,184
— Exchange differences	57	—	—	57
As at December 31, 2023 (Audited)	1,353	—	259,356	260,709

19c. Analysis of present value of loans and receivables balances:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
As at June 30, 2024 (Unaudited)	**5,387**	**—**	**378,612**	**383,999**
As at December 31, 2023 (Audited)	46,751	—	378,612	425,363

20. DEFERRED TAXATION

The following is the analysis of the deferred tax balances for financial reporting purposes:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax assets	**1,682,712**	1,856,206
Deferred tax liabilities	**(17,399)**	(13,145)
Total	**1,665,313**	1,843,061

(All amounts expressed in thousands of RMB unless otherwise stated)

20. DEFERRED TAXATION (CONTINUED)

The following are the major deferred tax assets/(liabilities) recognised and movements thereon:

	Loss allowance	Changes in fair value of derivatives	Changes in fair value of financial assets at fair value through profit or loss	Deductible tax losses	Accelerated depreciation	Others	Total
As at December 31, 2022 (Audited)	1,583,494	26,040	19,433	81,496	(67,274)	20,329	1,663,518
Credit/(Charge) to profit or loss	159,149	—	23,662	17,034	(12,614)	11,357	198,588
Charge to other comprehensive income	—	(19,299)	—	—	—	—	(19,299)
Exchange differences	37	(1)	—	1,338	(1,188)	68	254
As at December 31, 2023 (Audited)	1,742,680	6,740	43,095	99,868	(81,076)	31,754	1,843,061
Credit/(Charge) to profit or loss	**(170,560)**	**(151)**	**11,618**	**6,756**	**(6,328)**	**(13,004)**	**(171,669)**
Charge to other comprehensive income	**—**	**(6,168)**	**—**	**—**	**—**	**—**	**(6,168)**
Exchange differences	**32**	**—**	**—**	**573**	**(522)**	**6**	**89**
As at June 30, 2024 (Unaudited)	**1,572,152**	**421**	**54,713**	**107,197**	**(87,926)**	**18,756**	**1,665,313**

The Group did not have significant unrecognised deferred tax assets as at June 30, 2024 (December 31, 2023: nil).

(All amounts expressed in thousands of RMB unless otherwise stated)

21. OTHER ASSETS

Non-current

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Long-term receivables from government cooperation projects (Note)	**1,489,913**	1,478,643
Other long-term receivables	**432,088**	436,776
Financial assets measured at amortised cost	**331,096**	416,161
Continuing involvement assets (Note 35)	**244,186**	304,561
Repossession of finance lease assets	**112,701**	112,182
Foreclosed assets	**60,112**	60,112
Prepayments on acquisition of property and equipment and intangible assets	**3,015**	3,823
Others	**69,661**	71,025
Sub-total	**2,742,772**	2,883,283
Less: Expected credit loss allowance	**(101,776)**	(90,512)
Allowance for impairment losses	**(86,147)**	(77,510)
Total	**2,554,849**	2,715,261

Note: The Group provides financing services to local government-led infrastructure development and operation project participants through the public-private partnership model ("PPP Model"). The receivables from government-led projects under PPP Model are recognised in long-term receivables from government cooperation projects and project payables are recognised in government cooperation project payables, refer to Note 31.

Current

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Inventories	**842,260**	797,457
Value added tax ("VAT") credit and others	**146,892**	143,122
Other long-term receivables due within one year	**139,654**	147,882
Accounts receivable for industry support	**119,200**	—
Notes receivable	**77,230**	12,002
Financial assets measured at amortised cost	**58,391**	—
Continuing involvement assets (Note 35)	**57,612**	—
Prepayments	**11,696**	13,375
Deposits	**7,997**	8,351
Others	**10,956**	32,794
Sub-total	**1,471,888**	1,154,983
Less: Expected credit loss allowance	**(22,317)**	(27,433)
Total	**1,449,571**	1,127,550

(All amounts expressed in thousands of RMB unless otherwise stated)

21. OTHER ASSETS (CONTINUED)

Movements of expected credit loss allowance for other assets are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At beginning of the period/year	**117,945**	28,962
Charged to profit or loss	**6,142**	88,997
Exchange differences	**6**	(14)
At end of the period/year	**124,093**	117,945

Movements of impairment allowance for other assets are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At beginning of the period/year	**77,510**	72,133
Charged to profit or loss	**9,002**	24,501
Derecognition	**(365)**	(19,124)
At end of the period/year	**86,147**	77,510

22. ACCOUNTS RECEIVABLE

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts receivable from:		
— settlement of receivables and others	**87,680**	87,696
— operating lease	**43,445**	52,709
Sub-total	**131,125**	140,405
Less: Loss allowance	**(35,413)**	(33,366)
Total	**95,712**	107,039

(All amounts expressed in thousands of RMB unless otherwise stated)

22. ACCOUNTS RECEIVABLE (CONTINUED)

Analysed by aging as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Within one year	42,885	71,936
More than one year but not exceeding two years	19,494	35,100
More than two years but not exceeding three years	33,333	3
Total	95,712	107,039

Movements of loss allowance for accounts receivable are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At beginning of the period/year	33,366	32,104
Charged to profit or loss (Note 12)	1,821	1,107
Exchange differences	226	155
At end of the period/year	35,413	33,366

23. FINANCIAL ASSETS HELD UNDER RESALE AGREEMENTS

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Treasury bonds held under resale agreements	–	200,048
Less: Loss allowance	–	(650)
Total	–	199,398

(All amounts expressed in thousands of RMB unless otherwise stated)

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Measured at fair value:		
Equity instruments	**317,670**	355,956
Wealth management products	**250,002**	320,062
Funds (Note)	**–**	100,000
Asset management schemes and trust plans	**–**	51,407
Debt securities	**–**	302,571
Total	**567,672**	1,129,996
Analysed as:		
Unlisted	**260,124**	549,755
Listed	**307,548**	580,241
Analysed as:		
Current	**552,143**	1,105,208
Non-current	**15,529**	24,788
Total	**567,672**	1,129,996

Note: As at June 30, 2024, no funds were managed by HFT Investment Management Co., Ltd. (December 31, 2023: RMB100,000 thousand). For the six months ended June 30, 2024, net gains from relevant funds amounted to RMB110 thousand (six months ended June 30, 2023: nil).

(All amounts expressed in thousands of RMB unless otherwise stated)

25. DERIVATIVE FINANCIAL INSTRUMENTS

	June 30, 2024 (Unaudited)		
	Nominal Amount	**Assets**	**Liabilities**
Derivatives under hedge accounting:			
Interest rate swaps ("IRS")	**1,402,375**	**48,418**	**–**
Cross currency interest rate swaps	**541,383**	**56,110**	**–**
Currency forwards	**472,078**	**313**	**(43,516)**
Total	**2,415,836**	**104,841**	**(43,516)**

	December 31, 2023 (Audited)		
	Nominal Amount	Assets	Liabilities
Derivatives under hedge accounting:			
Interest rate swaps ("IRS")	1,525,629	53,779	–
Cross currency interest rate swaps	539,784	32,794	–
Currency forwards	364,818	1,702	(5,719)
Total	2,430,231	88,275	(5,719)

As at June 30, 2024 and December 31, 2023, fixed interest rates for USD IRS ranged from 1.3700% to 4.3650%.

As at June 30, 2024, currency forwards with forward exchange rates of buying JPY and selling RMB ranged from 0.0486 to 0.0546 (December 31, 2023: from 0.0501 to 0.0546).

As at June 30, 2024, currency forwards with forward exchange rates of buying HKD and selling RMB ranged from 0.9250 to 0.9260 (December 31, 2023: nil).

As at June 30, 2024 and December 31, 2023, cross currency interest rate swaps with fixed interest rates for HKD IRS ranged from 4.2500% to 4.3000% and with forward exchange rates of buying HKD and selling RMB ranged from 0.8105 to 0.8138.

(All amounts expressed in thousands of RMB unless otherwise stated)

25. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedge

During the six months ended June 30, 2024, the Group used interest rate swaps, currency forwards and cross currency interest rate swaps to hedge against exposures to cash flow variability primarily from interest rate and foreign exchange risks of borrowings.

During the six months ended June 30, 2024, the Group's net gain before tax from the cash flow hedges recognised in other comprehensive income was RMB18,943 thousand (during the six months ended June 30, 2023: net gain of RMB72,403 thousand), and the net gain after considering the impact of income tax was RMB12,775 thousand (during the six months ended June 30, 2023: net gain of RMB54,803 thousand); during the current period, the Group reclassified an amount of RMB-29,150 thousand from other comprehensive income to profit or loss due to fluctuations in exchange rates and interest rates (during the six months ended June 30, 2023: an amount of RMB63,942 thousand). Gains or losses arising from ineffective portion of cash flow hedge were immaterial. There were no transactions for which cash flow hedge accounting had to be ceased as a result of the highly probable cash flows no longer being expected to occur.

26. CASH AND BANK BALANCES

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and bank balances	**7,834,840**	8,374,051
Restricted bank deposits (Note)	**658,466**	961,850
Less: Loss allowance	**(145)**	(62)
Total	**8,493,161**	9,335,839

Note: This represents deposits held by the Group that were mainly relating to bank acceptance bills and aircraft maintenance funds as at June 30, 2024 and December 31, 2023, and were restricted for use.

(All amounts expressed in thousands of RMB unless otherwise stated)

27. BORROWINGS

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Bank borrowings	**40,768,792**	44,993,121
Other financial institutions borrowings	**388,193**	552,580
Interest payable	**216,315**	216,363
Lease liabilities	**27,609**	31,304
Total	**41,400,909**	45,793,368
Analysed as:		
Current	**22,605,564**	23,688,060
Non-current	**18,795,345**	22,105,308
Total	**41,400,909**	45,793,368

27a. Bank borrowings

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Unsecured and unguaranteed borrowings	**36,122,742**	39,329,298
Secured borrowings	**4,646,050**	5,663,823
Total	**40,768,792**	44,993,121
Analysed as:		
Current	**22,074,744**	23,140,989
Non-current	**18,694,048**	21,852,132
Total	**40,768,792**	44,993,121

(All amounts expressed in thousands of RMB unless otherwise stated)

27. BORROWINGS (CONTINUED)

27a. Bank borrowings (continued)

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Carrying amount repayable:		
Within one year	**22,074,744**	23,140,989
More than one year but not exceeding two years	**12,524,313**	15,036,124
More than two years but not exceeding five years	**5,358,473**	5,837,069
More than five years	**811,262**	978,939
Total	**40,768,792**	44,993,121

The secured borrowings were pledged by finance lease receivables, receivables arising from sale and leaseback arrangements and the Company's equity interests in certain subsidiaries, or secured by property and equipment. Please refer to Notes 16, 17 and 18 for details.

The ranges of contractual interest rate on the Group's bank borrowings are as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Contractual interest rate:		
Fixed-rate borrowings	**0.10% to 4.20%**	0.10% to 4.60%
Floating-rate borrowings	**LPR Plus -0.95% to 0.70%**	LPR Plus -1.25% to 0.70%
	Secured Overnight Financing Rate ("SOFR") Plus 1.18% to 1.76%	Secured Overnight Financing Rate ("SOFR") Plus 1.12% to 2.01%

(All amounts expressed in thousands of RMB unless otherwise stated)

27. BORROWINGS (CONTINUED)

27b. Other financial institutions borrowings

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Secured borrowings	**238,687**	355,288
Unsecured and unguaranteed borrowings	**149,506**	197,292
Total	**388,193**	552,580
Analysed as:		
Current	**297,456**	312,355
Non-current	**90,737**	240,225
Total	**388,193**	552,580

The secured borrowings were pledged by receivables arising from sale and leaseback arrangements. Please refer to Note 18 for details.

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Carrying amount repayable:		
Within one year	**297,456**	312,355
More than one year but not exceeding two years	**90,737**	240,225
Total	**388,193**	552,580

As at June 30, 2024 and December 31, 2023, the effective interest rate of other financial institutions borrowings ranged from 3.65% to 4.10% and from 3.90% to 4.53% per annum, respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)

27. BORROWINGS (CONTINUED)

27c. Lease liabilities

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Carrying amount repayable:		
Within one year	**17,049**	18,353
More than one year but not exceeding two years	**6,750**	9,300
More than two years but not exceeding five years	**3,810**	3,651
Total	**27,609**	31,304
Amount due for settlement within 12 months shown under current liabilities	**17,049**	18,353
Amount due for settlement after 12 months shown under non-current liabilities	**10,560**	12,951

As at June 30, 2024 and December 31, 2023, the weighted average incremental borrowing rates applied to lease liabilities ranged from 3.95% to 4.75% and from 4.20% to 4.75%, respectively.

(All amounts expressed in thousands of RMB unless otherwise stated)

28. ACCRUED STAFF COSTS

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Salaries, bonus and allowances and others	**208,704**	314,289
Total	**208,704**	314,289

29. ACCOUNTS PAYABLE

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Accounts payable for acquisition of leasing equipment	**509,554**	277,034
Analysed by aging as:		
Within 90 days	**251,153**	93,623
More than 90 days	**258,401**	183,411
Total	**509,554**	277,034

30. BONDS PAYABLE

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Analysed as:		
Current	**18,989,436**	23,730,125
Non-current	**21,244,861**	21,657,682
Total	**40,234,297**	45,387,807

(All amounts expressed in thousands of RMB unless otherwise stated)

30. BONDS PAYABLE (CONTINUED)

30a. Bonds payable analysed by nature

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Medium-term notes (Note i)	**12,400,841**	10,093,376
Corporate bonds (Note ii)	**11,929,978**	11,432,207
Asset-backed securities (Note iii)	**10,460,688**	14,270,163
Ultra-short-term commercial papers (Note iv)	**2,998,932**	4,998,599
Short-term commercial papers (Note v)	**999,587**	999,907
Private placement notes (Note vi)	**999,387**	998,642
Asset-backed notes	**—**	2,114,282
Interest payable	**444,884**	480,631
Total	**40,234,297**	45,387,807

Notes:

(i) Medium-term notes

Issue Date	Outstanding principal amount RMB' million	Coupon rate	Term (Note)
December 7, 2021	1,000	3.70%	3 years
January 11, 2022	800	3.64%	3 years
May 25, 2022	1,000	3.42%	3 years
August 8, 2022	1,200	3.25%	3 years
December 13, 2022	1,000	4.13%	3 years
February 21, 2023	1,000	4.20%	3 years
June 2, 2023	1,000	3.81%	3 years
August 22, 2023	1,000	3.46%	3 years
March 4, 2024	1,000	2.80%	3 years
March 19, 2024	1,000	3.65%	3 years
April 11, 2024	1,000	2.60%	5 years (3+2)[1]

Note 1: The bond is a 5-year fixed-rate bond with an investor resale option and coupon adjustment option at the end of the 3rd year.

(All amounts expressed in thousands of RMB unless otherwise stated)

30. BONDS PAYABLE (CONTINUED)

30a. Bonds payable analysed by nature (continued)

Notes (continued):

(i) Medium-term notes (continued)

Issue Date	Outstanding principal amount USD' million	Coupon rate	Term
April 27, 2022	200	4.20%	3 years

(ii) Corporate bonds

Issue Date	Outstanding principal amount RMB' million	Coupon rate	Term (Note)
April 22, 2021	680	3.65%	4 years (2+2)[1]
June 16, 2021	570	3.36%	4 years (2+2)[1]
August 10, 2021	600	3.90%	3 years
December 22, 2021	1,000	3.70%	3 years
April 28, 2022	500	3.57%	3 years
July 5, 2022	600	3.44%	3 years
October 19, 2022	1,000	3.13%	3 years
April 13, 2023	1,000	3.90%	3 years
June 20, 2023	1,000	3.80%	5 years (3+2)[2]
July 21, 2023	1,000	3.63%	5 years (3+2)[2]
October 20, 2023	1,000	3.47%	4 years (2+2)[1]
January 11, 2024	1,000	3.03%	4 years (2+2)[1]
May 16, 2024	1,000	2.48%	5 years (3+2)[2]
June 21, 2024	1,000	2.29%	5 years (3+2)[2]

Note 1: The bond is a 4-year fixed-rate bond with an investor resale option and coupon adjustment option at the end of the 2nd year.

Note 2: The bond is a 5-year fixed-rate bond with an investor resale option and coupon adjustment option at the end of the 3rd year.

(All amounts expressed in thousands of RMB unless otherwise stated)

30. BONDS PAYABLE (CONTINUED)

30a. Bonds payable analysed by nature (continued)

Notes (continued):

(iii) Asset-backed securities

Issue Date	Outstanding principal amount RMB' million	Coupon rate	Term (Note)
June 29, 2022	Senior: 92; Junior: 50	Senior: 3.19% and 3.60%	Senior: 32 months; Junior: 56 months
September 8, 2022	Senior: 32; Junior: 60	Senior: 2.80%	Senior: 24 months; Junior: 60 months
September 16, 2022	Senior: 1,425; Junior: 75	Senior: 4.10%	Senior: 60 months (36+24)[1]; Junior: 72 months
September 21, 2022	Senior: 202; Junior: 50	Senior: 2.98% and 3.40%	Senior: 35 months; Junior: 59 months
November 25, 2022	Senior: 120; Junior: 60	Senior: 3.50% and 3.60%	Senior: 24 months; Junior: 60 months
December 23, 2022	Senior: 1,425; Junior: 75	Senior: 4.48%	Senior: 60 months (36+24)[1]; Junior: 72 months
January 13, 2023	Senior: 324; Junior: 50	Senior: 4.50% and 4.70%	Senior: 31 months; Junior: 55 months
March 8, 2023	Senior: 210; Junior: 60	Senior: 3.63% and 3.70%	Senior: 23 months; Junior: 56 months
March 16, 2023	Senior: 306; Junior: 50	Senior: 3.70% and 4.00%	Senior: 28 months; Junior: 52 months
May 16, 2023	Senior: 232; Junior: 60	Senior: 3.28% and 3.43%	Senior: 22 months; Junior: 58 months
May 24, 2023	Senior: 321; Junior: 50	Senior: 3.48% and 3.62%	Senior: 31 months; Junior: 55 months
June 7, 2023	Senior: 433; Junior: 50	Senior: 3.38% and 3.58%	Senior: 34 months; Junior: 55 months
June 27, 2023	Senior: 365; Junior: 60	Senior: 3.18% and 3.41%	Senior: 24 months; Junior: 60 months
August 8, 2023	Senior: 456; Junior: 50	Senior: 3.16% and 3.30%	Senior: 32 months; Junior: 47 months
September 1, 2023	Senior: 467; Junior: 60	Senior: 2.55%, 3.00% and 3.09%	Senior: 20 months; Junior: 35 months
November 3, 2023	Senior: 590; Junior: 50	Senior: 2.90%, 3.28% and 3.50%	Senior: 30 months; Junior: 57 months
December 15, 2023	Senior: 485; Junior: 50	Senior: 3.09%, 3.25% and 3.45%	Senior: 24 months; Junior: 36 months
December 20, 2023	Senior: 628; Junior: 60	Senior: 2.94%, 3.14% and 3.32%	Senior: 24 months; Junior: 57 months
December 22, 2023	Senior: 911; Junior: 73	Senior: 3.10%, 3.40% and 3.60%	Senior: 35 months; Junior: 53 months
February 7, 2024	Senior: 551; Junior: 85	Senior: 3.20% and 3.85%	Senior: 25 months; Junior: 33 months
May 28, 2024	Senior: 950; Junior: 50	Senior: 2.18%, 2.38% and 2.39%	Senior: 30 months; Junior: 30 months

Note 1: The bond has an investor resale option at the end of the 3rd year.

(All amounts expressed in thousands of RMB unless otherwise stated)

30. BONDS PAYABLE (CONTINUED)

30a. Bonds payable analysed by nature (continued)

Notes (continued):

(iv) Ultra-short-term commercial papers

Issue Date	Outstanding principal amount RMB' million	Coupon rate	Term
November 21, 2023	1,000	2.81%	9 months
January 16, 2024	1,000	2.65%	8 months
June 4, 2024	1,000	2.15%	9 months

(v) Short-term commercial papers

Issue Date	Outstanding principal amount RMB' million	Coupon rate	Term
January 4, 2024	1,000	2.78%	12 months

(vi) Private placement notes

Issue Date	Outstanding principal amount RMB' million	Coupon rate	Term
November 9, 2021	1,000	4.19%	3 years

(All amounts expressed in thousands of RMB unless otherwise stated)

31. OTHER LIABILITIES

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Current		
Deposits due within one year	1,756,688	1,758,800
Bank acceptance bills	1,281,666	1,507,861
Dividends payable	454,066	126,900
Contract liabilities	434,130	406,607
Government cooperation project payables (Note 21)	143,067	165,495
Accrued expenses	111,717	223,868
Government outsourcing project payables	60,082	12,669
Continuing involvement liabilities (Note 35)	57,612	—
Deferred revenue	38,450	39,601
Advance receipt	18,561	27,344
Other taxes payable	15,083	31,656
Other payables	863,976	980,860
Total	5,235,098	5,281,661
Non-current		
Deposits from customers	3,533,797	3,927,541
Aircraft maintenance funds	339,504	302,585
Deferred revenue	317,477	360,893
Continuing involvement liabilities (Note 35)	244,186	304,561
Government cooperation project payables (Note 21)	96,879	97,305
Deposits from suppliers and agents	89,731	84,518
Accrued expenses	40,828	52,271
Other payables	287,848	335,005
Total	4,950,250	5,464,679

(All amounts expressed in thousands of RMB unless otherwise stated)

32. SHARE CAPITAL

	June 30, 2024		December 31, 2023	
	Number of shares (thousand)	Nominal Value	Number of shares (thousand)	Nominal Value
Issued and fully paid:				
— Domestic shares of RMB1.00 Yuan each	2,440,847	2,440,847	2,440,847	2,440,847
— H Shares of RMB1.00 Yuan each	5,794,453	5,794,453	5,794,453	5,794,453
Total	8,235,300	8,235,300	8,235,300	8,235,300

The Company had two classes of ordinary shares, namely H Shares and Domestic Shares. All the Domestic Shares and H Shares rank pari passu with each other as to dividends and voting rights.

33. OTHER EQUITY INSTRUMENTS

(1) Other equity instruments issued by the Company as at June 30, 2024:

(i) The Company issued renewable corporate bonds with value date on November 21, 2022 and principal amount of RMB500,000 thousand on November 17, 2022.

(ii) The Company issued renewable corporate bonds with value date on August 17, 2023 and principal amount of RMB1,000,000 thousand on August 14, 2023.

(iii) The Company issued renewable corporate bonds with value date on February 7, 2024 and principal amount of RMB1,000,000 thousand on February 5, 2024.

(iv) The Company issued renewable corporate bonds with value date on March 14, 2024 and principal amount of RMB500,000 thousand on March 12, 2024.

The above financial instruments (i–iv) have no fixed maturity date and the Company has the right to defer the principal in accordance with the contractual terms.

Unless the compulsory interest payment events mentioned below have occurred, the Company has the right to choose to defer current interests and all deferred interests at each interest payment date without limit on the number of times of the interest deferral; Interest deferring under the situations mentioned above are not considered as a breach of the contract for the Company.

33. OTHER EQUITY INSTRUMENTS (CONTINUED)

(1) Other equity instruments issued by the Company as at June 30, 2024 (continued):

The Company could not defer current interests, all deferred interests and fruits when the following compulsory interest payment events occurred within 12 months before the interest payment date:

- To declare and pay dividend to ordinary shareholders;
- To decrease registered capital.

(2) Based on the terms and conditions mentioned above, the directors of the Company are of the view that the Company has an unconditional right to avoid delivering cash or other financial assets. Accordingly, the above renewable corporate bonds are presented as other equity instruments under IAS 32 *Financial Instruments: Presentation*.

(3) For the six months ended June 30, 2024, profit attributable to the holders of other equity instruments of the Company amounting to RMB64,407 thousand (for the six months ended June 30, 2023, RMB62,762 thousand), are determined with reference to the distribution rate specified in the terms and conditions.

(4) For the six months ended June 30, 2024, the Company had distributed interest to the holders of other equity instruments of the Company amounting to RMB67,925 thousand (for the six months ended June 30, 2023, RMB192,720 thousand).

34. INTERESTS IN STRUCTURED ENTITIES

(1) Interest in consolidated structured entities

The Group holds interests in certain structured entities through investments in the shares, securities or notes issued by these structured entities. The categorise of these structured entities mainly include asset-backed securities, asset-backed notes and investment fund of debt securities. When assessing whether to consolidate these structured entities, the Group assesses all facts and circumstances to determine whether the Group, as manager, is acting as an agent or a principal. The factors considered include the scope of the manager's decision-making authority, rights held by other parties, remuneration to which it is entitled and exposure to variability of returns. As at June 30, 2024, the structured entities consolidated by the Group mainly include asset backed securities. The Group has determined that all of these structured entities were controlled by the Group and therefore consolidated when preparing the consolidated financial statements. Refer to Note 21 and 35 for details.

34. INTERESTS IN STRUCTURED ENTITIES (CONTINUED)

(2) Interest in unconsolidated structured entities

The Group has interests in structured entities managed by third parties through investing in funds, wealth management products, asset management schemes and trust plans.

The carrying amount and maximum risk exposure of the unconsolidated structured entities amounted to RMB250 million and RMB471 million as at June 30, 2024 and December 31, 2023, respectively. As at June 30, 2024 and December 31, 2023, total fair value gains from these structured entities amounted to RMB2 thousand and RMB1,470 thousand, respectively. These amounts are included in the items presented in Note 6 and 24.

35. TRANSFERS OF FINANCIAL ASSETS

Asset-backed securities

The Group enters into securitisation transactions in the normal course of business by which it transfers finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed securities to investors in the Shanghai Stock Exchange market.

In some cases, the Group holds all the junior tranches asset-backed securities, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at June 30, 2024, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB11,223 million (December 31, 2023: RMB13,642 million). As at June 30, 2024, the related carrying amount of financial liabilities was RMB10,461 million (December 31, 2023: RMB14,270 million).

In other cases, the Group retains some interests in the form of holding some junior tranches which would give rise to the Group's continuing involvement in the transferred assets. Those financial assets are recognised on the statement of financial positions to the extent of the Group's continuing involvement.

As at June 30, 2024, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been securitised by the Group under arrangements in which the Group retained a continuing involvement in such assets was RMB892 million (December 31, 2023: RMB1,592 million). As at June 30, 2024, the carrying amount of assets that the Group continued to recognise was RMB302 million (December 31, 2023: RMB305 million). The Group recognised the same amount arising from such continuing involvement in other assets and other liabilities.

(All amounts expressed in thousands of RMB unless otherwise stated)

35. TRANSFERS OF FINANCIAL ASSETS (CONTINUED)

Asset-backed notes

The Group enters into securitisation transactions in the normal course of business by which it transfers finance lease receivables and receivables arising from sale and leaseback arrangements to structured entities which issue asset-backed notes in China Inter-bank bond market to investors. As the Group holds all the junior tranches asset-backed notes, substantially all the risks and rewards of ownership of the transferred assets are retained, so the Group continues to recognise the transferred asset in its entirety and recognises bonds payable for the consideration received.

As at December 31, 2023, the carrying amount of finance lease receivables and receivables arising from sale and leaseback arrangements that have been transferred but not derecognised was RMB1,862 million, the related carrying amount of financial liabilities was RMB2,114 million.

36. CASH AND CASH EQUIVALENTS

For the purpose of the interim condensed consolidated statements of cash flows, cash and cash equivalents represent:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Deposits in banks	7,834,840	8,374,051
Total	7,834,840	8,374,051

37. CAPITAL COMMITMENTS

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Contracted, but not provided for:		
Equipment held for operating lease business and others	222,612	233,932
Construction agreements under Public-Private Partnership and government outsourcing projects	3,097	147,004
Total	225,709	380,936

(All amounts expressed in thousands of RMB unless otherwise stated)

38. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

The significant related parties of the Group are set out as below:

Name of the related party	Relationship of the related party
Haitong Securities Co., Ltd.	Ultimate Holding Company
Shanghai Haitong Securities Asset Management Co., Ltd.	Fellow Subsidiary
Haitong International Securities Co., Ltd.	Fellow Subsidiary
Shanghai Weitai Properties Management Co., Ltd.	Fellow Subsidiary
Haitong Futures Co., Ltd.	Fellow Subsidiary
Haitong Bank, S.A.	Fellow Subsidiary

Other than as disclosed elsewhere in these interim condensed consolidated financial statements, the Group had the following material transactions and balances with the related parties for the six months ended June 30, 2024 and 2023 and as at June 30, 2024 and December 31, 2023:

(a) Amounts of related party transactions

For the six months ended June 30, 2024 and 2023, the Group had the following material transactions with the related parties:

(1) Other operating expenses

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Shanghai Weitai Properties Management Co., Ltd.	**11**	16

(b) Balance of related party transactions

As at June 30, 2024 and December 31, 2023, the Group had the following material balances with the related parties:

(1) Bonds payable

	June 30, 2024	December 31, 2023
	(Unaudited)	(Audited)
Haitong Securities Co., Ltd.	**–**	156,000

Note: The bonds payable are the senior tranche asset-backed securities.

(All amounts expressed in thousands of RMB unless otherwise stated)

38. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Other related party transactions

(1) Key management personnel

Remuneration for key management personnel of the Group are as follows:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Basic salaries and allowances	**3,043**	3,048
Bonus	**10,156**	7,720
Employer's contribution to pension schemes	**526**	1,273

(2) Payment of referral service fees to related party

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Haitong Securities Co., Ltd.	**710**	416
Haitong Futures Co., Ltd.	**119**	—

Note: The referral fees for finance lease business are recognised as initial direct incremental costs and deducted from the initial recognition amount of the related assets.

(All amounts expressed in thousands of RMB unless otherwise stated)

38. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONTINUED)

(c) Other related party transactions (continued)

(3) Payment of issuance costs of bonds and cost of borrowings to related party

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Haitong Securities Co., Ltd.	**15,356**	36,839
Shanghai Haitong Securities Asset Management Co., Ltd.	**1,499**	2,165
Haitong International Securities Co., Ltd.	**591**	—
Haitong Bank, S.A.	**10**	—

Note: These issuance costs relating to debt liabilities issued were recognised as a deduction from the proceeds received from the debt liabilities issued and amortised over the term of the debts as part of the effective interest expenses.

39. FINANCIAL RISK MANAGEMENT

The Group's major financial instruments include cash and bank balances, financial assets at fair value through profit or loss, derivative financial instruments, receivables arising from sale and leaseback arrangements, loans and receivables, accounts receivable, financial assets held under resale agreements and other financial assets, borrowings, bonds payable, accounts payable and other financial liabilities. Details of the financial instruments and finance lease receivables are disclosed in respective notes. The risks associated with these financial instruments and finance lease receivables include market risk (price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

During the six months ended June 30, 2024, there has been no material changes in the risk management policies. The interim condensed consolidated financial statements do not include all financial risk management information and disclosure and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2023.

(All amounts expressed in thousands of RMB unless otherwise stated)

40. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's certain financial assets and liabilities are measured at fair value or with fair value disclosed for financial reporting purposes. The Group uses valuation techniques to determine the fair value of financial instruments when unable to obtain the open market quotation in active markets.

Financial instruments that are measured at fair value on a recurring basis

The Group's certain financial assets and financial liabilities are measured at fair value on a recurring basis. The following tables give information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and key input(s) used).

Financial assets/ financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value Hierarchy	Valuation technique(s) and key input(s)
1) Financial assets at fair value through profit or loss				
— Funds	**–**	100,000	Level 2	Net asset value as published by the fund manager.
— Wealth management products	**250,002**	320,062	Level 2	Net asset value as published by the product manager.
— Equity instruments	**90,739**	109,443	Level 1	Quoted bid price in an active market.
	226,931	246,513	Level 3	Quoted market prices with an adjustment of discount for lack of marketability; or using market approach, with reference to the market value of the comparable listed company, as well as the liquidity discount impact.
— Asset management schemes and trust plans	**–**	51,407	Level 2	Net asset value as published by the issuer/financial institution.
— Debt securities	**–**	302,571	Level 2	Net asset value as published by financial institution.

(All amounts expressed in thousands of RMB unless otherwise stated)

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments that are measured at fair value on a recurring basis (continued)

Financial assets/ financial liabilities	Fair value as at June 30, 2024 (Unaudited)	Fair value as at December 31, 2023 (Audited)	Fair value Hierarchy	Valuation technique(s) and key input(s)
2) Currency forwards	**Assets: 313 Liabilities: (43,516)**	Assets: 1,702 Liabilities: (5,719)	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward exchange rates, discounted at a rate that reflects the credit risk of various counterparties.
3) Interest rate swaps	**Assets: 48,418 Liabilities: —**	Assets: 53,779 Liabilities: —	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.
4) Cross currency interest rate swaps	**Assets: 56,110 Liabilities: —**	Assets: 32,794 Liabilities: —	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange/interest rates (from observable forward exchange rates/observable yield curves at the end of the reporting period) and contract exchange/ interest rates, discounted at a rate that reflects the credit risk of various counterparties.

(All amounts expressed in thousands of RMB unless otherwise stated)

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments that are measured at fair value on a recurring basis (continued)

Management determines the fair value of the Group's level 3 equity instruments using valuation techniques that incorporate unobservable input. These financial instruments are valued using market approach, which incorporate various unobservable assumptions such as market rate volatilities, expected rate of return, and market liquidity discounts.

As at June 30 2024, the effects of changes in significant unobservable assumptions to reasonably possible alternative assumptions were immaterial.

There was no transfer between Level 1 and Level 2 during the six months ended June 30, 2024 and the year ended December 31, 2023.

The following table represents the changes in Level 3 financial instruments for the relevant period/year.

Financial assets at FVTPL

	Equity instruments
At December 31, 2023 (Audited)	**246,513**
Changes in fair value recognised in profit or loss	**(3,474)**
Transfer to level 1	**(16,108)**
At June 30, 2024 (Unaudited)	**226,931**
Total gains for assets held at June 30, 2024	
— unrealised gains recognised in profit or loss	**1,325**

	Equity instruments
At December 31, 2022 (Audited)	308,868
Changes in fair value recognised in profit or loss	(76,691)
Additions	10,273
Transferred from level 1	4,063
At December 31, 2023 (Audited)	246,513
Total losses for assets held at December 31, 2023	
— unrealised losses recognised in profit or loss	(76,691)

(All amounts expressed in thousands of RMB unless otherwise stated)

40. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments that are not measured at fair value

The table below summaries the carrying amounts, expected fair values and fair value hierarchy of those financial instruments not presented at their fair values:

	June 30, 2024 (Unaudited)				
	Carrying amount	**Fair value**	**Level 1**	**Level 2**	**Level 3**
Financial liabilities:					
Bonds payable	**40,234,297**	**40,598,257**	**—**	**40,598,257**	**—**

	December 31, 2023 (Audited)				
	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial liabilities:					
Bonds payable	45,387,807	45,608,137	—	45,608,137	—

The fair value of bonds payable is determined in accordance with generally accepted valuation models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Except for the above, the directors of the Company consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost on the Group's interim condensed consolidated statements of financial position approximate their fair values because the majority of these financial assets and financial liabilities are matured within one year or at floating interest rates.

41. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group had no material subsequent events required disclosures after June 30, 2024.