



中關村科技租賃股份有限公司
ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

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

Stock Code: 1601



2024
INTERIM REPORT



Contents

2	Corporate Profile
3	Corporate Information
5	Key Financials
6	Management Discussion and Analysis
44	Other Information
50	Independent Auditor's Report
52	Condensed Consolidated Financial Statements and Notes to the Condensed Consolidated Financial Statements
86	Definitions

This report was prepared in both Chinese and English versions. Where there is a discrepancy between the Chinese and English versions, the English version shall prevail.

Corporate Profile

Zhongguancun Science-Tech Leasing Co., Ltd. (Stock Code: 1601.HK), established in Beijing in November 2012, is a listed platform under the ZGC Group. The Company is dedicated to “discovering and cultivating unicorn companies to help science and technology entrepreneurs achieve their dreams”, focuses on providing equipment lease, intellectual property lease, equity investment and industry and finance integration solutions for the domestic science and technology innovation enterprises with high growth, and pioneered the “Zhongguancun Science-Tech Leasing development model”.

We are deeply invested in key high-tech sectors, including industrial gases and equipment, robotics and autonomous driving vehicles, new energy vehicles and infrastructure (charging, electricity, storage), medical equipment and services, aerospace and low-altitude economy, next-generation communication services and intelligent computing, semiconductor materials and equipment, and low-carbon energy-saving services. With “technology innovation, product innovation, and business model innovation” as our three driving engines, we have established unique competitive advantages.

Leveraging strong risk management capabilities, and with our “credit and value discovery” core technological innovation, we developed a growth-oriented credit rating model for science and technology innovation enterprises that accurately identifies and measures their credit risks, allowing for scientific and reasonable risk pricing. With a commitment to creating value for our customers, we have keenly identified the underserved financial service needs of science and technology innovation enterprises, developing a range of product systems that include intellectual property leasing, project leasing, stock option leasing, and leasing-based equity investment, thereby addressing the challenges of financing difficulties and high costs faced by science and technology innovation enterprises. Having a profound understanding of the business growth needs of science and technology innovation enterprises facing intense competitive, we have developed innovative industry and finance integration solutions, offering modular and combinatorial leasing, investment, and market solutions, to support science and technology innovation enterprises in market promotion, profit enhancement, and cash flow improvement. Aiming for high-quality development, we adhere to the innovative business model of “leasing + investment + services”, with leasing as the main focus, supplemented by investment and differentiated services. This approach allows us to optimize and sustainably grow our revenue and profit structures, enhance asset quality, and increase customer loyalty.

Looking ahead, we remain committed to furthering the industry and finance integration, empowering science and technology innovation, and promoting the in-depth integration of the financial and technology industries, aspiring to become a world-class financial service provider for science and technology innovation enterprises.

Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

Mr. ZHANG Shuqing (*Chairman*)

Ms. WANG Sujuan

Executive Directors

Mr. HE Rongfeng (*General manager*)

Mr. HUANG Wen

Independent Non-executive Directors

Mr. CHENG Dongyue

Mr. WU Tak Lung

Ms. LIN Zhen

BOARD OF SUPERVISORS

Mr. TIAN Anping

Mr. FANG Fang

Mr. DU Xiaoming

Mr. TONG Chao

Ms. HAN Nana

COMPANY SECRETARY

Mr. GAO Wei (*FCG, HKFCG (PE)*)

AUTHORISED REPRESENTATIVES UNDER THE LISTING RULES

Mr. HE Rongfeng

Mr. HUANG Wen

AUDIT COMMITTEE

Mr. WU Tak Lung (*Chairman*)

Mr. CHENG Dongyue

Ms. LIN Zhen

Ms. WANG Sujuan

REMUNERATION COMMITTEE

Mr. CHENG Dongyue (*Chairman*)

Mr. WU Tak Lung

Ms. LIN Zhen

Mr. ZHANG Shuqing

Mr. HE Rongfeng

NOMINATION COMMITTEE

Mr. ZHANG Shuqing (*Chairman*)

Mr. CHENG Dongyue

Mr. WU Tak Lung

Ms. LIN Zhen

Mr. HE Rongfeng

RISK CONTROL COMMITTEE

Ms. LIN Zhen (*Chairwoman*)

Mr. CHENG Dongyue

Mr. WU Tak Lung

Mr. ZHANG Shuqing

Mr. HUANG Wen

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. ZHANG Shuqing (*Chairman*)

Mr. WU Tak Lung

Mr. HUANG Wen

Corporate Information

REGISTERED OFFICE

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No. 2 Lizezhong 2nd Road
Chaoyang District, Beijing
PRC

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

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Haidian District, Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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No. 248 Queen's Road East
Wanchai
Hong Kong

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Bank of Communications

No.6 Xinkexiangyuan
Academy of Sciences South Road
Haidian District, Beijing
PRC

China Everbright Bank

1st floor, Zhongguancun Science and
Technology Trade Center
No.18 Zhongguancun Street
Haidian District, Beijing
PRC

Bank of Jiangsu

Floors 1-3, No. 7 Haidian South Road
Haidian District, Beijing
PRC

AUDITOR

Deloitte Touche Tohmatsu
35/F, One Pacific Place
88 Queensway, Admiralty
Hong Kong

LEGAL ADVISOR

As to Hong Kong Law

Patrick Mak & Tse Solicitors
Flat 901-905,9/F, Wing On Centre
No. 111 Connaught Rd. C, Central
Hong Kong

As to PRC Law

Beijing Shengda Law Firm
17/F, Block B, Wantong Financial Center
No.2 Fuwai Street
Xicheng District, Beijing
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor
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183 Queen's Road East, Wanchai
Hong Kong

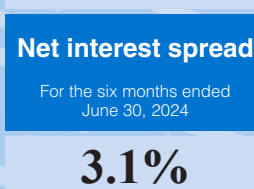
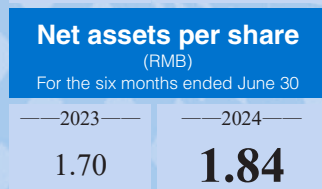
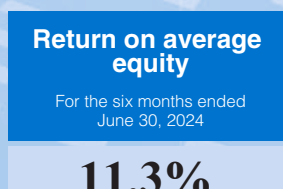
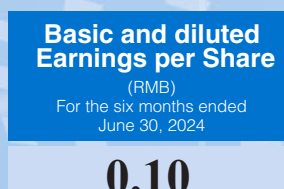
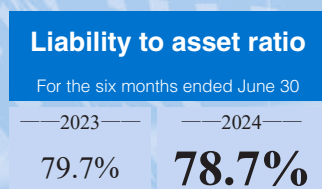
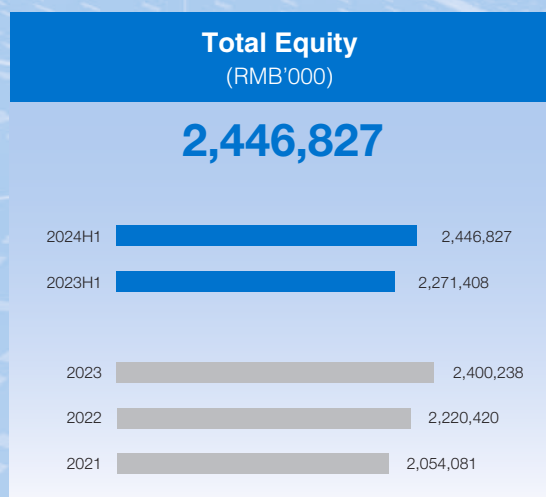
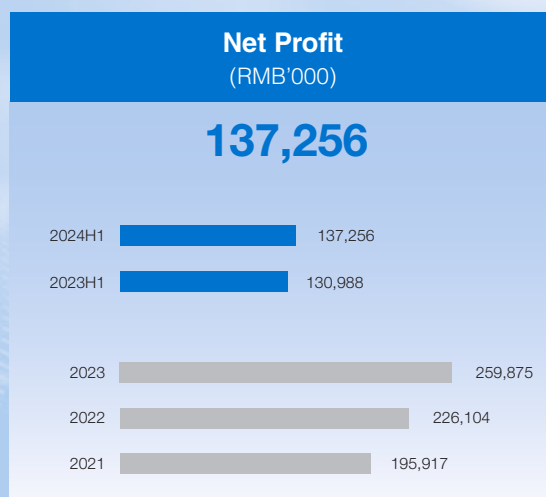
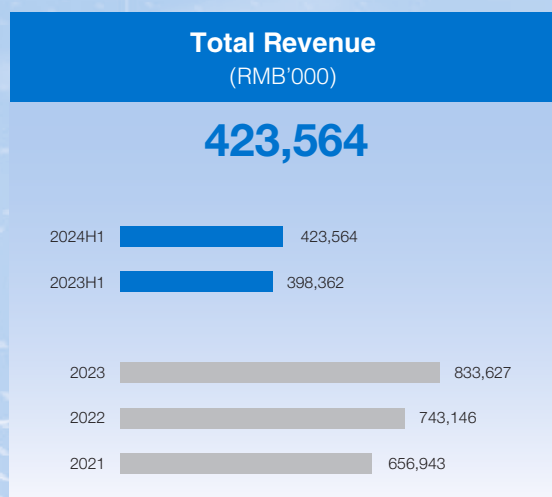
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1601

WEBSITE

www.zgclease.com

Key Financials



Management Discussion and Analysis

	For the six months ended June 30,		For the year ended December 31,		
	2024 RMB'000	2023 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Operating Performance					
Revenue	423,564	398,362	833,627	743,146	656,943
Interest income	365,865	330,962	691,933	613,397	541,367
Advisory fee income	54,112	67,400	141,662	129,749	115,576
Rental income from operating leases	3,587	—	32	—	—
Other net income	2,312	11,103	32,825	15,342	14,423
Interest expense	(146,367)	(143,950)	(292,824)	(272,493)	(246,545)
Operating expense	(68,540)	(69,188)	(170,887)	(150,560)	(129,407)
Impairment recognised under expected credit loss model, net of reversal	(30,774)	(30,004)	(78,254)	(49,580)	(53,004)
Share of results of associates	3,010	7,830	21,910	15,136	19,391
Net foreign exchange (losses)/ gains	(4)	3	(192)	109	(175)
Profit before taxation	183,201	174,156	346,205	301,100	261,626
Profit for the period/year	137,256	130,988	259,875	226,104	195,917
Basic and diluted earnings per share (in RMB)	0.10	0.10	0.19	0.17	0.15
Profitability					
Return on average equity ⁽¹⁾	11.3%	11.7%	11.2%	10.6%	9.9%
Return on average assets ⁽²⁾	2.3%	2.4%	2.2%	2.2%	2.2%
Net interest margin ⁽³⁾	4.0%	3.8%	3.9%	3.7%	3.8%
Net interest spread ⁽⁴⁾	3.1%	2.7%	2.9%	2.6%	2.6%
Net profit margin ⁽⁵⁾	32.4%	32.9%	31.2%	30.4%	29.8%

Notes:

- (1) Calculated by dividing net profit for the period/year by the average balance of total equity at the beginning and the end of the period/year, presented on an annualized basis.
- (2) Calculated by dividing net profit for the period/year by the average balance of total assets at the beginning and the end of the period/year, presented on an annualized basis.
- (3) Calculated by dividing net interest income for the period/year by the average balance of interest-earning assets, presented on an annualized basis.
- (4) Calculated as the difference between interest income yield and interest expense cost for the period/year, presented on an annualized basis.
- (5) Calculated by dividing profit for the period/year by the total revenue for the period/year.

Management Discussion and Analysis

	As at June 30, 2024 RMB'000	2023 RMB'000	As at December 31, 2023 RMB'000	2022 RMB'000	2021 RMB'000
Assets and liabilities					
Total assets	11,489,268	11,168,458	12,414,873	10,914,895	9,428,623
Net amount of loans and receivables	10,262,468	10,096,712	11,207,248	9,819,652	8,472,832
Operating leased assets	31,271	–	13,274	–	–
Total liabilities	9,042,441	8,897,050	10,014,635	8,694,475	7,374,542
Borrowings	6,794,336	6,599,968	7,412,648	6,395,235	5,371,076
Total equity	2,446,827	2,271,408	2,400,238	2,220,420	2,054,081
Net assets per share (in RMB)	1.84	1.70	1.80	1.67	1.54
Financial Indicators					
Liability to asset ratio ⁽¹⁾	78.7%	79.7%	80.7%	79.7%	78.2%
Risk asset to equity ratio ⁽²⁾	443.3%	460.3%	488.8%	460.6%	426.4%
Liquidity ratio ⁽³⁾	119.0%	122.3%	90.9%	122.4%	137.1%
Gearing ratio ⁽⁴⁾	277.7%	290.6%	308.8%	288.0%	261.5%
Interest-earning asset quality					
NPA ratio ⁽⁵⁾	1.8%	1.6%	1.7%	1.6%	1.5%
Allowance coverage ratio for NPA ⁽⁶⁾	204.5%	183.5%	184.6%	173.7%	175.9%

Notes:

- (1) Calculated by dividing total liabilities by total assets.
- (2) Calculated by dividing risk assets by total equity. Risk assets are the total assets net of cash and cash equivalents and pledged and restricted deposits.
- (3) Calculated by dividing current assets by current liabilities.
- (4) Calculated by dividing total borrowings by total equity.
- (5) Represent the percentage of non-performing assets (the "NPA") in the total interest-earning assets before deducting allowances for impairment losses.
- (6) Calculated by dividing allowances for impairment losses of interest-earning assets by the balance of non-performing interest-earning assets.

Management Discussion and Analysis

1. BUSINESS REVIEW

1.1 Economic Conditions

In the first half of 2024, the global economy navigated a complex landscape of recovery and uncertainty. Despite showing positive momentum, the foundation remains fragile, with high inflation, rising trade protectionism, and persistent geopolitical uncertainties. Meanwhile, the global economy has demonstrated significant resilience, with sectors such as new energy, artificial intelligence, and biopharmaceuticals showing strong growth driven by technological innovation and policy support. In June 2024, the Organization for Economic Cooperation and Development (OECD) and the World Bank respectively raised their forecasts for global economic growth in 2024 from 2.7% and 2.4% at the beginning of the year to 2.9% and 2.6%.

In the first half of 2024, China faced new challenges due to the increasing complexity, severity, and uncertainty of the external environment, along with the continuous deepening of domestic structural adjustments. However, the effects of macroeconomic policies continued to unfold, external demand showed signs of recovery, and the acceleration of new productive forces provided new support for economic operations. Overall, the national economy in the first half of the year showed stability and steady advancement, with improvements in both quantity and quality, though challenges remain. According to data released by the National Bureau of Statistics, China's GDP in the first half of 2024 reached RMB61.7 trillion, an increase of 5.0% year-on-year, with a growth of 4.7% in the second quarter and a 0.7% increase quarter-on-quarter. Data from the People's Bank of China showed that by the end of June 2024, the aggregate financing to the real economy (stock) was RMB395.11 trillion, an 8.1% increase year-on-year. Among this, the balance of RMB loans to the real economy stood at RMB247.93 trillion, growing by 8.3% year-on-year, indicating a continued increase in financial support for the real economy.

Management Discussion and Analysis

In the first half of 2024, the State Council issued the *Action Plan for Promoting Large-scale Equipment Renewals and Consumer Goods Trade-ins* (referred to as the *Action Plan*). The plan focuses on key tasks related to equipment renewal, with financial leasing companies expected to play a crucial role as an important financing channel. At the same time, regulators in the financial leasing industry are fully committed to steering the sector back to its original purpose of “financing and leasing tangible assets”, guiding the industry to its roots for more standardized and healthy development. With the sustained release of policy dividends and timely regulatory reinforcement, the financial leasing industry is set to enter a deeper phase of supply-side structural reform, with a greater emphasis on improving the efficiency and precision of serving the real economy. Building on strengthened risk prevention and management, the industry will actively embrace innovation and change, respond flexibly to diverse and dynamic market needs, and embark on a new chapter of high-quality development.

1.2 Company's Response

In the first half of the year, faced with a complex and challenging external environment, the Company adhered to the work principle of seeking progress while maintaining stability, promoting stability through progress, and establishing foundations before breaking new ground. By adhering to the strategic direction of deep integration of technology, finance, and industry, seizing the favorable opportunities for business focus and transformation in industry and finance integration, the Company strengthened its core capabilities, innovated products and services, and enhanced operational and management levels to achieve high-quality growth.

The Company fully advanced business focus to drive high-quality development.

In the first half of the year, the Company focused on advanced manufacturing and advanced productive service industries, specifically targeting sectors such as robotic services, semiconductor materials, key components and materials for new energy vehicles, industrial gases, commercial aerospace, and next-generation communication services. It established specialized industry research teams and evaluation committees, and focused on enhancing the precision marketing and business development capabilities of its teams. Through initiatives like the “Safeguard Plan” market promotion activities, the Company reached over a hundred clients within these targeted industries, ensuring high-quality growth.

Management Discussion and Analysis

We deepened industry and finance integration to foster new productive forces.

In the first half of the year, the Company strengthened the “leasing + investment + industrial services” business structure, deeply integrating with leading enterprises in innovation chains. The market competitiveness of the industry and finance integration business was further validated, and leasing-investment coordination and management teams for industry and finance integration projects were established. By focusing on business planning and financial budget management, company governance structure development, and risk control, the Company optimized the management and operational levels of industrial operating entities. This comprehensive empowerment of new productive forces was highlighted in feature reports by mainstream media outlets such as *Economic Daily*, *Beijing Daily*, and *Beijing Evening News*.

The Company continuously enriched financing channels to deepen financial support for technological innovation.

In the first half of the year, the Company further optimized fund planning and management efficiency, strengthened the coordination of assets and liabilities, and explored diversified financing channels. We successfully issued ultra-short-term financing bonds, targeted asset-backed notes, and asset-backed special plans, achieving RMB4.228 billion in financing, setting a new low in financing costs. This provided strong support for stable operations, nourishing the “fertile ground of technological innovation” with the “financial lifeblood”.

Comprehensive risk management was implemented to improve the quality and efficiency of internal management.

The Company adhered to a philosophy of prudent and stable risk management and continuously builds a comprehensive risk management system. By enhancing the scientific rigor of rating models and optimizing risk control strategies such as client access, risk pricing, and unified credit, it reinforced its core competency in credit discovery; by improving the effectiveness of risk response mechanisms, it established a cross-departmental collaboration and resource-sharing framework for managing and disposing of risk assets; additionally, by enhancing the reliability of information systems, the Company advanced its digitalization goals, such as the online adaptation of key value chains, optimization of business workflows, data-driven operations, digital infrastructure and security, leading to sustained operational efficiency gains.

Management Discussion and Analysis

1.3 Business Innovation

Case I:

In 2023, the Company signed a strategic cooperation agreement with Comex Beijing Mechanical and Electronic Equipment Co., Ltd. (“**Comex**”), a leading domestic solid-liquid separation application provider, to jointly establish an asset operation platform. The Company, in collaboration with its subsidiary Zhongguancun Zhongnuo Fund, adopted a “leasing + investment + services” cooperation model, making an investment of tens of millions of RMB to participate in the establishment of a joint venture platform. Additionally, the Company continued to provide equipment leasing services in September 2023 and April 2024, building an operational and leasing service system for slurry treatment equipment for tunnel boring machines. This further expanded Comex’s asset scale, broadened its service fields, and maintained and enhanced its market share. Over the next three years, the Company will continue to provide RMB300 million in financial support through this cooperation model, fully tapping the market potential of slurry recycling in tunnel boring, facilitating the upgrade of solid-liquid separation processing industry, promoting the standardization of national environmental protection sector and fostering sustainable social and economic development, all in pursuit of a beautiful China.

Case II:

In June 2024, the Company signed a strategic cooperation agreement with Shanghai Blue Whale Technology Co., Ltd. (“**Shanghai Blue Whale**”), a leading provider of green technology construction equipment, to jointly establish an asset operation platform. The Company, in collaboration with its subsidiary Zhongguancun Zhongnuo Fund, adopted a “leasing + investment + services” cooperation model, making an investment in equity and established a joint venture platform, to provide equipment leasing services to further expand Shanghai Blue Whale’s delivery capabilities in the foundation pit support market and continuously iterate green construction technologies and equipment to develop a platform-based enterprise in the intelligent construction field. Over the next three years, the Company will provide RMB500 million in financial support to Shanghai Blue Whale through this model, promoting the green transformation and upgrading of the construction industry, fully implementing the national strategic goals of carbon peak and carbon neutrality, and contributing to high-quality projects that achieve harmony between people and nature.

Management Discussion and Analysis

2. ANALYSIS OF PROFIT OR LOSS

2.1 Overview

During the Reporting Period, the Group realized a total revenue of RMB423.6 million, representing an increase of 6.3% as compared to the total revenue of RMB398.4 million for the corresponding period of last year, and the net profit for the period amounted to RMB137.3 million, representing an increase of 4.8% as compared to the net profit of RMB131.0 million for the corresponding period of last year. During the Reporting Period, the Group continued to optimize the asset structure and improve the profitability and the efficiency of capital use.

2.2 Revenue

During the Reporting Period, the Group realized a total revenue of RMB423.6 million, representing an increase of 6.3% as compared to the total revenue of RMB398.4 million for the corresponding period of last year. The interest income recorded stable growth and industry and finance integration achieved initial results. During the Reporting Period, interest income amounted to RMB365.9 million, accounting for 86.4% of the total revenue and representing an increase of 10.5% as compared to that of the corresponding period of last year. Advisory fee income amounted to RMB54.1 million, representing a decrease of 19.7% as compared to that of the corresponding period of last year. The Group confirmed rental income from operating leases of RMB3.6 million.

The following table sets forth the Group's revenue and changes by service for the periods indicated:

	For the six months ended June 30,				Changes
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Interest income	365,865	86.4%	330,962	83.1%	10.5%
Advisory fee income	54,112	12.8%	67,400	16.9%	(19.7%)
Rental income from operating leases	3,587	0.8%	—	—	100%
Total revenue	423,564	100.0%	398,362	100.0%	6.3%

Management Discussion and Analysis

2.2.1 Interest Income

The interest income of the Group increased by 10.5% from RMB331.0 million for the corresponding period of last year to RMB365.9 million for the Reporting Period, accounting for 86.4% of the total revenue of the Group.

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

	For the six months ended June 30,					
	2024			2023		
	Average balance of interest- earning assets ⁽¹⁾ RMB'000	Interest income RMB'000	Average yield of interest- earning assets ⁽²⁾ %	Average balance of interest- earning assets RMB'000	Interest income RMB'000	Average yield of interest- earning assets %
Total	11,113,091	365,865	6.6%	10,257,856	330,962	6.5%

Notes:

- (1) The average balance of interest-earning assets is calculated by dividing the sum of loans and receivables before allowances for impairment losses at the beginning of the period and at the end of the period by two.
- (2) In calculating average yield of interest-earning assets for the six months ended June 30, 2023 and 2024, we annualized our interest income by multiplying the interest income in the six months ended June 30, 2023 and 2024, respectively, by two, and then divided the annualized interest income by average balance of interest-earning assets.

Analysis by Average Balance of Interest-earning Assets

The average balance of interest-earning assets of the Group increased by 8.3% from RMB10,257.9 million for the corresponding period of last year to RMB11,113.1 million for the Reporting Period.

Management Discussion and Analysis

Analysis by Average yield of interest-earning assets

During the Reporting Period, the average yield of interest-earning assets of the Group was 6.6%, which remained stable, representing an increase of 0.1 percentage point from 6.5% in the corresponding period of last year. At the same time, the Group's interest expense yield decreased from 3.9% to 3.6%. The Group maintained the basic stability in the rate of return on assets against the backdrop of declining capital costs, showing the continuous stability of the Group's business premium capability.

2.2.2 Advisory Fee Income

During the Reporting Period, the advisory fee income of the Group decreased by 19.7% from RMB67.4 million for the corresponding period of last year to RMB54.1 million for the Reporting Period, accounting for 12.8% of the total revenue of the Group, mainly due to the decrease of the Group's customers demand for consulting services.

The Group delivered a variety of advisory services to its customers, including management and business consulting and policy advisory.

The following table sets forth the contribution by service category to advisory fee income for the periods indicated:

	For the six months ended June 30,				Changes
	2024		2023		
	RMB' 000	% of total	RMB'000	% of total	
Policy advisory fee income	37,991	70.2%	48,200	71.5%	(21.2%)
Management advisory fee income	16,121	29.8%	19,200	28.5%	(16.0%)
Total advisory fee income	54,112	100.0%	67,400	100.0%	(19.7%)

Management Discussion and Analysis

2.3 Interest Expense

During the Reporting Period, the interest expense of the Group amounted to RMB146.4 million, representing an increase of 1.7% as compared to RMB144.0 million for the corresponding period of last year, which was mainly caused by the rapid growth of financing leasing business compared to the same period last year, the Group increased its financing efforts to support business development.

In the face of the constantly changing economic and capital market environment, the Group will continue to track market dynamics, follow flexible and diversified funding strategies, deepen cooperation with various financial institutions in the market, continuously optimize the source structure of funds, actively explore new financing channels, and reasonably and effectively control financing costs.

The following table sets forth the breakdown of our interest expense by funding sources for the periods indicated:

	For the six months ended June 30,				Changes
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Commercial banks	79,134	54.0%	56,683	39.3%	39.6%
Borrowings from related parties ⁽¹⁾	—	—	16,078	11.2%	(100%)
Asset-backed securities	40,062	27.4%	42,783	29.7%	(6.4%)
Imputed on interest-free guaranteed deposits	26,757	18.3%	27,712	19.3%	(3.4%)
Lease liabilities	414	0.3%	694	0.5%	(40.3%)
Total interest expense	146,367	100.0%	143,950	100.0%	1.7%

Note:

- (1) Refer to pledged loans from Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司)("ZGC Group") and its subsidiaries.

Management Discussion and Analysis

The following table sets forth the average balance, interest expense and interest expense cost of borrowings for the periods indicated:

Borrowings ⁽¹⁾	For the six months ended June 30,					
	2024			2023		
	Average balance of borrowings ⁽²⁾ RMB'000	Interest expense RMB'000	Interest expense cost of borrowings ⁽³⁾	Average balance of borrowings RMB'000	Interest expense RMB'000	Interest expense cost of borrowings
Commercial banks	4,135,312	79,134	3.8%	2,878,227	56,683	3.9%
Borrowings from related parties	–	–	–	725,000	16,078	4.4%
Asset-backed securities	2,752,398	40,062	2.9%	2,547,355	42,783	3.4%
Borrowings	6,887,710	119,196	3.5%	6,150,582	115,544	3.8%

Notes:

- (1) Not including imputed interest expense on interest-free guaranteed deposits from lessees and interest expense on lease liabilities.
- (2) Calculated based on the average of the monthly balance of borrowings for the six months ended June 30, 2023 and 2024.
- (3) Calculated based on dividing the annualized interest expenses by the average of the monthly balance of borrowings for the six months ended June 30, 2023 and 2024.

During the Reporting Period, the Group held an interest expense cost on borrowings of 3.5%, representing a decrease as compared to the corresponding period of last year, mainly due to the Group's active financing cost management, enhancement of fund balance, optimization of liability structure and reduction of financing cost.

Management Discussion and Analysis

2.4 Net Interest Spread and Net Interest Margin

The following table sets forth the net interest margin and relevant figures for the periods indicated:

	For the six months ended June 30,		
	2024	2023	Changes
	RMB'000	RMB'000	
Interest income	365,865	330,962	10.5%
Interest expenses	(146,367)	(143,950)	1.7%
Net interest income	219,498	187,012	17.4%
Interest income yield ⁽¹⁾	6.7%	6.6%	1.5%
Interest expense cost ⁽²⁾	3.6%	3.9%	(7.7%)
Net interest spread ⁽³⁾	3.1%	2.7%	14.8%
Net interest margin ⁽⁴⁾	4.0%	3.8%	5.3%

Notes:

- (1) Calculated by dividing annualized interest income by the monthly average balance of interest-earning assets.
- (2) Calculated by dividing annualized interest expenses by the monthly average balance of interest-bearing liabilities.
- (3) Calculated as the difference between interest income yield and interest expense cost.
- (4) Calculated by dividing annualized net interest income by the average balance of interest-earning assets.

During the Reporting Period, the net interest spread of the Group was 3.1% and the net interest margin was 4.0%, representing an increase as compared to the corresponding period of last year, mainly due to the continuous improvement of business premium capability, the Group maintained stable interest income yield while the interest expense cost ratio decreased. For details of changes in interest expense yield, please refer to the discussion and analysis in item “2.3 Interest Expense” of this section.

Management Discussion and Analysis

2.5 Other Net Income

Other net income primarily included the interests from bank deposits and the government grant. During the Reporting Period, we received other net income of RMB2.3 million, a decrease of 79.2% over the corresponding period of last year, mainly due to the decrease in investment income and value-added tax (VAT) additional deduction.

The following table sets forth the breakdown of other net income of the Group for the periods indicated:

	For the six months ended June 30,		
	2024 RMB' 000	2023 RMB'000	Changes
Interest from deposits	2,045	2,311	(11.5%)
Government grants	148	437	(66.1%)
Investment Income	—	4,713	(100.0%)
Value-added tax (VAT) additional deduction	—	2,668	(100.0%)
Others	119	974	(87.8%)
Total other net income	2,312	11,103	(79.2%)

Management Discussion and Analysis

2.6 Operating Expense

During the Reporting Period, operating expense of the Group amounted to RMB68.5 million, representing a decrease of RMB0.6 million or 0.9% as compared to the corresponding period of last year.

The following table sets forth the breakdown of the Group's operating expenses for the periods indicated:

	For the six months ended June 30,				Changes
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Staff cost	37,387	54.5%	37,086	53.5%	0.8%
Rental expense	981	1.4%	900	1.3%	9.0%
Service expense	12,732	18.6%	13,265	19.2%	(4.0%)
Depreciation and amortization	9,467	13.8%	8,623	12.5%	9.8%
Professional service expense	2,787	4.1%	2,260	3.3%	23.3%
Others	5,186	7.6%	7,054	10.2%	(26.5%)
Total operating expense	68,540	100.0%	69,188	100.0%	(0.9%)

2.7 Impairment Recognised Under Expected Credit Loss Model, Net of Reversal

Impairment recognised under expected credit loss model, net of reversal primarily related to loans and receivables and credit commitments of the Group. During the Reporting Period, the expected credit impairment losses of the Group amounted to RMB30.8 million, representing an increase of 2.6% as compared to the expected credit impairment losses of RMB30.0 million for the corresponding period of last year, mainly due to the continuously effort of the Group to promote the construction of risk control system, improve the ability of credit discovery and expand the scale of customers while stabilizing the quality of assets.

Management Discussion and Analysis

The following table sets forth a breakdown of impairment recognised under expected credit loss model, net of reversal for the periods indicated:

	For the six months ended June 30,		
	2024 RMB'000	2023 RMB'000	Changes
Loans and receivables	30,774	30,004	2.6%
Credit commitments ⁽¹⁾	—	—	—
Impairment recognised under expected credit loss model, net of reversal	30,774	30,004	2.6%

Note:

- (1) The Group's non-cancellable credit commitments were primarily finance leases that have been contracted, but not yet commenced.

2.8 Income Tax Expense

During the Reporting Period, the income tax expense of the Group amounted to RMB45.9 million, representing an increase of RMB2.8 million or 6.5% as compared to the corresponding period of last year, contributed by the increase in profit before taxation.

During the Reporting Period, the effective income tax rate of the Group was 25.1%.

Management Discussion and Analysis

2.9 Profit for the Period

During the Reporting Period, the profit for the period of the Group amounted to RMB137.3 million, representing an increase of RMB6.3 million or 4.8% as compared to the corresponding period of last year. While the total revenue of the Group rose by 6.3%, the interest expense increased by 1.7% and operating expense decreased by 0.9% as compared to the corresponding period of last year. For details of changes in revenue, interest expense and operating expense, please refer to the discussion and analysis in items “2.2 Revenue”, “2.3 Interest Expense” and “2.6 Operating Expense” of this section.

In summary, in the face of the complicated international and domestic environment, the Group has adopted active measures to broaden business channels and optimize profit structure, realizing the steady growth of operating revenue income and maintaining the asset quality stable. It is expected that with the enhancement of the Group's net capital strength and the further expansion of the finance leasing business together with the further improvement of digital capabilities, the Group's customer scale, the operation efficiency and the profitability will be improving on a constant basis.

2.10 Basic Earnings Per Share

During the Reporting Period, the Group's basic earnings per share for the first half of 2024 amounted to RMB0.10, which has remained the same as compared to the corresponding period of last year.

Management Discussion and Analysis

3. ANALYSIS OF FINANCIAL POSITION

3.1 Assets (Overview)

As at the end of the Reporting Period, total assets of the Group amounted to RMB11,489.3 million, representing a decrease of RMB925.6 million or 7.5% as compared to the end of last year. Loans and receivables amounted to RMB10,262.5 million, representing a decrease of RMB944.8 million or 8.4% as compared to the end of last year. In terms of the asset structure, cash and cash equivalents accounted for 5.0% of total assets, and loans and receivables accounted for 89.3% of total assets.

The following table sets forth the breakdown of total assets of the Group as of the dates indicated:

	As of June 30, 2024		As of December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Loans and receivables	10,262,468	89.3%	11,207,248	90.3%	(8.4%)
Pledged and restricted deposits	63,273	0.6%	46,117	0.4%	37.2%
Cash and cash equivalents	578,111	5.0%	635,263	5.1%	(9.0%)
Accounts receivable	1,552	0.0%	–	–	100%
Other assets	85,061	0.8%	100,118	0.8%	(15.0%)
Deferred tax assets	90,918	0.8%	92,540	0.7%	(1.8%)
Property and equipment	48,285	0.4%	35,965	0.3%	34.3%
Interest in associates	327,022	2.8%	264,525	2.1%	23.6%
Financial assets at fair value through other comprehensive income	12,224	0.1%	12,224	0.1%	–
Financial assets at fair value through profit or loss	1,317	0.0%	1,317	0.0%	–
Intangible assets	19,037	0.2%	19,556	0.2%	(2.7%)
Total assets	11,489,268	100.0%	12,414,873	100.0%	(7.5%)

Management Discussion and Analysis

3.2 Loans and Receivables

During the Reporting Period, the Group entered into 280 new contracts with 239 lessees. As of December 31, 2023, the number of lessees in lease status of the Group is 1,099, and the number of lease contracts is 1,485; As of June 30, 2024, the number of lessees in lease status of the Group is 1,109, and the number of lease contracts is 1,505. As at the end of the Reporting Period, net amount of loans and receivables of the Group amounted to RMB10,656.1 million, representing an decrease of 7.9% as compared to the end of last year, mainly due to the Group's proactive industry focus and control of business investment in certain industries in order to further enhance its professional capabilities, industry concentration, and risk prevention and control level, the net amount of loans and receivables has decreased compared to the end of last year.

The following table sets forth the breakdown of loans and receivables of the Group as of the dates indicated:

	As of June 30, 2024 RMB'000	As of December 31, 2023 RMB'000	Changes
Gross amount of loans and receivables	11,415,257	12,463,129	(8.4%)
Less: Unearned finance income	(759,169)	(893,035)	(15.0%)
Net amount of loans and receivables	10,656,088	11,570,094	(7.9%)
Less: Allowances for impairment losses	(393,620)	(362,846)	8.5%
Carrying amount of loans and receivables	10,262,468	11,207,248	(8.4%)

Management Discussion and Analysis

3.2.1 Maturity Profile of Loans and Receivables

The following table sets forth the maturity analysis of the net amount of loans and receivables as of the dates indicated:

	As of June 30, 2024		As of December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Maturity					
Not later than 1 year	6,637,471	62.3%	6,757,494	58.4%	(1.8%)
1 to 2 years	2,982,371	28.0%	3,449,703	29.8%	(13.5%)
2 to 3 years	839,507	7.9%	1,101,076	9.5%	(23.8%)
Over 3 years	196,739	1.8%	261,821	2.3%	(24.9%)
Net amount of loans and receivables	10,656,088	100.0%	11,570,094	100.0%	(7.9%)

As at the end of the Reporting Period, 62.3% of the net amount of loans and receivables of the Group as set out in the table above was due not later than one year. As the Group promoted balanced business development, it is expected that the cash inflow from operation will remain stable in the future.

3.2.2 Asset Quality of Loans and Receivables

The Group has been closely monitoring the quality of lease assets and implemented five-level standard since 2013, which classifies loans and receivables into five categories, namely (1) normal; (2) special mention; (3) sub-standard; (4) doubtful; and (5) loss. The latter three with credit impairment are classified as non-performing assets.

Loans and Lease Receivable Five-level Classification

1. Normal. The lessee is able to perform and has been performing its obligations under the finance lease agreement, and we have no reason to doubt our ability to recover the full amount of the lease receivable. Lease payments related to loans and receivables under this classification have always been on time or overdue for not more than 30 days.

Management Discussion and Analysis

2. Special mention. The lessee is able to perform and has been performing its obligations under the finance lease agreement, but there are adverse factors which may negatively impact our ability to recover the full amount of the lease receivable. Such factors include macro environment, industry policies, management ability of the lessee, credit profile, value of leased assets and lessees' willingness to pay.
3. Sub-standard. The lessee has demonstrated clear difficulties in making full lease payments with its own operating income, and certain losses may still incur even if taken into account the guarantee or the quality of leased assets.
4. Doubtful. The lessee has demonstrated great difficulties in making full lease payments, and significant losses on leased assets are very likely to incur even if taking into account the guarantee or the quality of leased assets.
5. Loss. After exhausting all necessary measures and legal remedies, we still cannot recover most of the lease receivable and interest income.

Leased Asset Management Measures

In the first half of 2024, facing the rapidly changing internal and external economic environment, the Group seized the key opportunities to promote strategic upgrading and business transformation and continuously upgraded its core capabilities; Focusing on improving operational and management efficiency, matching the Group's strategic transformation, continuously exploring customer value, and enhancing risk detection capabilities; Actively respond to various risks and challenges, and continuously improve the ability to dispose of non-performing assets. During the Reporting Period, the assets scale of the Group increased steadily, the asset quality remained stable and the allowance coverage ratio and the ability to resist risk continued to improve.

Management Discussion and Analysis

Continuously upholding exploration and innovation, expanding channels for high-quality asset imports

During the Reporting Period, the Group's regional expansion strategy demonstrated effectiveness, further expanding its coverage and outreach capabilities in emerging economic active regions. Following a path of specialized business development, the Group continued to innovate products, aligning with industry trends and implementing industry and finance integration projects. Leveraging the characteristics of science and technology innovation enterprises, the Group evolved from being "knowledge-oriented" to "capital-oriented", further enhancing its value discovery ability in science and technology innovation enterprises with a focus on "light asset" strategies.

Systematically promoting standardization and digitization, enhancing asset management efficiency

During the Reporting Period, the Group actively promoted standardization, optimizing the organizational structure and processes for asset management. Continuously improving data sources, the Group enhanced its big data monitoring and early warning capabilities. In alignment with the Company's strategic transformation, the Group delved into customer value, implemented customer classification, and enhanced the precision of customer management. The Group also continued to optimize resource allocation, closely tracking asset conditions to ensure their safety and effectiveness.

Enhancing overdue decision-making and collection mechanisms, achieving significant progress in collection and disposal

During the Reporting Period, the Group continually refined its overdue project collection and decision-making mechanisms. It categorized and managed non-performing overdue projects, devising personalized collection plans for each enterprise to improve the Group's capability in managing overdue accounts. Notably, during the Reporting Period, the Group's ability to dispose of non-performing assets saw a remarkable improvement.

Management Discussion and Analysis

The following table sets forth a breakdown of our loans and receivables by classifications as of the dates indicated:

	As of June 30, 2024		As of December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Normal	9,747,209	91.5%	10,785,884	93.2%	(9.6%)
Special mention	716,437	6.7%	587,675	5.1%	21.9%
Sub-standard	55,950	0.5%	76,862	0.7%	(27.2%)
Doubtful	56,348	0.5%	50,740	0.4%	11.1%
Loss	80,144	0.8%	68,933	0.6%	16.3%
Net amount of loans and receivables	10,656,088	100.0%	11,570,094	100.0%	(7.9%)
NPAs	192,442		196,535		
NPA ratio	1.8%		1.7%		

In the first half of 2024, the Group continued to adhere to prudent risk management, practiced strict risk monitoring and management throughout the chain, and enhanced the core competitiveness of serving science and technology innovation enterprises. By practicing accurate identification, strict control and efficient resolution of various risks, the Group's asset quality remained stable.

Management Discussion and Analysis

3.2.3 Impairment and Allowances for Loans and Receivables

The following table sets forth a summary of allowance for loans and receivables as of the dates indicated. The Group adopts accounting standards for financial instruments and applies the expected credit loss (“ECL”) model under the standards. The allowances for interest-earning assets of the Group increased by RMB30.8 million from RMB362.8 million as at the end of last year to RMB393.6 million as at the end of the Reporting Period.

	As of June 30, 2024		As of December 31, 2023	
	RMB'000	% of total	RMB'000	% of total
NPAs	160,480	40.8%	151,611	41.8%
Normal and special mention assets	233,140	59.2%	211,235	58.2%
Total allowance for loans and receivables	393,620	100.0%	362,846	100.0%
NPAs Ratio of allowances for impairment losses to loans and receivables	192,442		196,535	
	204.5%		184.6%	

As at the end of the Reporting Period, ratio of allowances for impairment losses to loans and receivables of the Group was 204.5%, which was 19.9 percentage point higher than that as compared to the end of last year. The management of the Group believes that prudent risk management policy is crucial to its sustainable growth, and strives to maintain a stable level of ratio of allowances for impairment losses to loans and receivables.

Management Discussion and Analysis

The Group has been closely monitoring the credit quality of loans and receivables by monitoring their ECL. As at the end of the Reporting Period, ECL rate of financial lease receivables of the Group in stage one, stage two and stage three was 0.4%, 1.2% and 41.7% respectively, representing unchanged, an increase of 0.2% and a decrease of 5.5% respectively as compared to the end of last year, and the Group increased the overall ECL rate from 3.1% to 3.7% and systematically strengthened the risk resistance capacity of its assets.

The following table sets forth the breakdown of allowances measured based on ECL as of the dates indicated:

	Stage 1 12-month ECL balance RMB'000	Stage 2 Lifetime ECL Not credit-impaired RMB'000	Stage 3 Credit-impaired RMB'000	Total RMB'000
June 30, 2024				
ECL rate%	0.4%	1.2%	41.7%	3.7%
Net amount of loans and receivables	9,746,696	58,393	850,999	10,656,088
Allowance for impairment loss	37,869	727	355,024	393,620
Carrying amount of loans and receivables	9,708,827	57,666	495,975	10,262,468
December 31, 2023				
ECL rate%	0.4%	1.0%	47.2%	3.1%
Net amount of loans and receivables	10,798,172	88,456	683,466	11,570,094
Allowance for impairment loss	39,578	920	322,348	362,846
Carrying amount of loans and receivables	10,758,594	87,536	361,118	11,207,248

Management Discussion and Analysis

3.3 Others

As at the end of the Reporting Period, cash and cash equivalents of the Group amounted to RMB578.1 million, which were denominated in RMB. The Group retained adequate cash to support business expansion and ensures its liquidity and safety. Restricted deposit of the Group amounted to RMB63.3 million, primarily comprising restricted bank deposits for bank acceptances, factorings and Asset-backed securities.

At the end of the Reporting Period, the balance of accounts receivable of the Group amounted to RMB1.6 million, mainly including accounts receivable generated from operating leases.

At the end of the Reporting Period, the balance of trade and other receivables of the Group amounted to RMB85.1 million, mainly including advance payments to suppliers for purchase of equipment and deductible value-added input tax.

At the end of the Reporting Period, the balance of deferred tax assets of the Group amounted to RMB90.9 million, which were mainly derived from the temporary difference between net profit and taxable income in the financial report.

At the end of the Reporting Period, the balance of property and equipment of the Group amounted to RMB48.3 million, mainly including operating leased assets, right-of-use assets and office equipment and computers for our employees.

At the end of the Reporting Period, the balance of interest in associates of the Group amounted to RMB327.0 million, which was the equity investment in the joint ventures, Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd., Jiangsu Zhongguancun Zhongnuo Xietong Investment Fund (Limited Partnership), Beijing Zhongnuo Yuanjian Innovation Investment Fund (Limited Partnership), Shenzhen Zhongke Zhiyi Industry Investment Co., Ltd., Zhongguancun Lingyan (Hangzhou) Private Fund Co., Ltd. and Zhongguancun Huizhi (Suzhou) Enterprise Management Co., Ltd..

Management Discussion and Analysis

At the end of the Reporting Period, the balance of financial assets at fair value through other comprehensive income of the Group amounted to RMB12.2 million, which was the strategic equity investment in Beijing Zhongguancun Synergetic Innovation Investment Fund Management Co., Ltd..

At the end of the Reporting Period, the balance of financial assets at fair value through profit or loss of the Group amounted to RMB1.3 million, which was the equity investment in Beijing YuanBio Angel Venture Capital Partnership (Limited Partnership) and Langfang Wantai Composite Materials Co., Ltd..

As at the end of the Reporting Period, the balance of intangible assets of the Group amounted to RMB19.0 million, mainly including internal development software and digital information systems for business operations and risk management functions.

3.4 Liabilities

As at the end of the Reporting Period, total liabilities of the Group amounted to RMB9,042.4 million, representing a decrease of RMB972.2 million or 9.7% as compared to the end of last year. In particular, borrowings were the main component of the liabilities of the Group, accounting for 75.1%, representing an increase from 74.1% as compared to the end of last year.

The following table sets forth the liability analysis as of the dates indicated:

	As of June 30, 2024		As of December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Borrowings	6,794,336	75.1%	7,412,648	74.1%	(8.3%)
Trade and other liabilities	2,239,296	24.8%	2,587,845	25.8%	(13.5%)
Income tax payable	8,809	0.1%	14,142	0.1%	(37.7%)
Total liabilities	9,042,441	100.0%	10,014,635	100.0%	(9.7%)

Management Discussion and Analysis

3.5 Borrowings

The Group's borrowings included commercial bank borrowings, asset-backed securities and short term commercial papers, of which commercial bank borrowings and asset-backed securities were the main source of financing, representing stable financing structure. As at the end of the Reporting Period, borrowings of the Group amounted to RMB6,794.3 million, which were denominated in RMB, representing a decrease of RMB618.3 million or 8.3% as compared to the end of last year.

The following table sets forth a breakdown of borrowings by funding sources as of the dates indicated:

	As of June 30, 2024		As of December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Bank loans	3,123,164	46.0%	4,751,665	64.1%	(34.3%)
– pledged	1,693,476	24.9%	2,223,561	30.0%	(23.8%)
– unsecured	1,429,688	21.1%	2,528,104	34.1%	(43.4%)
Asset-backed securities	3,269,758	48.1%	2,261,175	30.5%	44.6%
Short-term commercial papers	401,414	5.9%	399,808	5.4%	0.4%
Total borrowings	6,794,336	100.0%	7,412,648	100.0%	(8.3%)

As at the end of the Reporting Period, the balance of bank loans of the Group was RMB3,123.2 million, accounting for 46.0% of the total borrowings, representing a slightly decrease from 64.1% as compared to the end of last year. The balance of asset-backed securities accounted for 48.1% of the total borrowings, representing a slightly increase from 30.5% as compared to the end of last year. The balance of short-term commercial papers accounted for 5.9% of the total borrowings, representing a slightly increase from 5.4% as compared to the end of last year. The group issued three phases of asset-backed securities products, raising RMB2.2 billion, and issued one phase of short-term commercial papers, raising RMB400 million, with a record low issuance cost. During the Reporting Period, the Group reached an asset-backed plan cooperation agreement with insurance institutions, with a scale of RMB800 million, and actively promoted the registration and issuance of medium-term notes, diversifying financing channels.

Management Discussion and Analysis

The following table sets forth the distribution of borrowings by liquidity as of the dates indicated:

	As of June 30, 2024		As of December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Current	4,502,639	66.3%	6,302,429	85.0%	(28.6%)
Non-current	2,291,697	33.7%	1,110,219	15.0%	106.4%
Total borrowings	6,794,336	100.0%	7,412,648	100.0%	(8.3%)

As at the end of the Reporting Period, the current proportion of borrowings (including short-term borrowings and portions that were due within one year in long-term borrowings) of the Group accounted for 66.3% of total borrowings of the Group, representing a decrease of 28.6% as compared to the end of last year.

3.6 Trade and Other Liabilities

Trade and other liabilities of the Group primarily includes guaranteed deposits from lessees, value-added taxes to be collected in the following period, accounts payables and notes payables, and lease liabilities.

As at the end of the Reporting Period, trade and other liabilities of the Group decreased by 13.5% from RMB2,587.8 million as at the end of last year to RMB2,239.3 million.

Management Discussion and Analysis

3.7 Capital and Reserves

As at the end of the Reporting Period, total equity of the Group amounted to RMB2,446.8 million, representing an increase of RMB46.6 million or 1.9% as compared to that as at the end of last year.

The following table sets forth the details of total equity as of the dates indicated:

	June 30, 2024		December 31, 2023		Changes
	RMB'000	% of total	RMB'000	% of total	
Share capital	1,333,334	54.5%	1,333,334	55.6%	–
Reserves	1,113,493	45.5%	1,066,904	44.4%	4.4%
Total equity	2,446,827	100.0%	2,400,238	100.0%	1.9%

4. CAPITAL EXPENDITURES

During the Reporting Period, the capital expenditure of the Group was RMB77.0 million, primarily including equity investment, expenditures for upgrading information system regarding business operations and risk management, operating leased machinery and equipment and purchase of office and electronic equipment.

Management Discussion and Analysis

5. RISK MANAGEMENT

The Group has established a set of prudent, efficient and innovative risk management structure designed to balance the risks with benefits generated in the process of serving technology and new economy industries. While driving the growth of technology and new economy companies with continued efforts, the Group achieved its maximum value.

The Group has been exposed to various operational risks, primarily including credit risks, interest rate risks, liquidity risks and foreign currency risks.

5.1 Credit Risks

Credit risks arise from our customers' failure to perform their payment obligations under the lease agreements or material and adverse changes in their creditworthiness. Credit risks are one of the major risks we are exposed to and may negatively impact our revenues, cash flow, and book value of leased assets. To manage and control the credit risks to which we are exposed, we have established and will keep updating the specialized and streamlined credit risk management policies and procedures.

Strict Industrial and Regional Customer Access.

It is our consistent strategy to keep the region, industry and customers in check from the customer access, which is also the first step of credit risk control. Our business departments conduct follow-up research on their respective science and technology innovation industries, put forward the customer classification standards reflecting the characteristics of the industry, and further established the access policy, due diligence standard and customized service scheme from the subdivided industry respectively. Among the fields in line with the government's industry policy guidance, we selected the subdivided industry with large development space, bright development prospects and good industry credit for business expansion. To reduce the risk of excessive diversification in the business area, the Group focuses on leasing business on customers in economically developed regions. We have set up regional equity companies in Suzhou, Hangzhou and Shenzhen to concentrate the Group's superior resources.

Management Discussion and Analysis

Scientific Credit Evaluation System.

While strengthening risk control, in order to better empower the business, we further optimized and iterated the existing two-dimensional rating model of “asset credit+subject credit”, strengthened the management of asset risks and the degree of protection of leased property rights, and optimized the rating of intellectual property assets. For the main credit rating model, we have set up corresponding sub models based on the characteristics of innovative enterprises at different stages of development, and continuously upgraded and optimized them to enhance the scientific and refined risk characterization ability of the model, truly tap into customer value and growth potential, and provide technical support for project decision-making. In addition, we have iterated the credit evaluation model for technology small and micro entities, evaluating small and micro technology enterprises from multiple dimensions and deeply exploring small and micro customers with great development potential.

Comprehensive Due Diligence System.

Our project due diligence system comprehensively considers various aspects such as the operational risk, credit risk and legal risk of the lessee, the risk of the lessee's affiliated enterprises, and guarantee of leased assets to lessor. The business manager conducts in-depth analysis of the lessee's basic situation, financial performance, credit status, and the purpose of financing through various due diligence investigations, based on full collection of information, assesses project risks and designs project plans to form due diligence report which shall be submitted to the assessment managers. The assessment manager conducts relevant verification and further risk assessment on the due diligence report and issues an assessment report. Based on an investigation by the asset manager into the authenticity, ownership, and value rationality of the leased assets, a comprehensive evaluation of the value preservation, controllability, and liquidity of the leased assets is conducted to form a leased assets report. Ensure that the overall risk of the project is controllable through due diligence and project analysis from multiple perspectives.

Management Discussion and Analysis

Rigorous and Scientific Project Approval Decision.

We ensure the rigor and scientific nature of project approval through multi-person decision-making and professional decision-making. The multi-person decision-making mechanism means that at the stage of lease admission, project initiation and due diligence, three or more employees conduct special discussions and make decisions together to improve the accuracy and comprehensiveness of decision-making and ensure rigorous project decision-making. Professional decision-making refers to depending on the distribution characteristics of the Group's business in artificial intelligence, carbon peaking and carbon neutrality, life sciences & healthcare, intelligent manufacturing and Internet-based products & services, each of our assessment managers and assessment committee members was responsible for assessing projects from the industry in which they specialized to ensure that they focus on the subdivided industry and form a professional assessment experience. The assessment committee of each project is composed of assessment committee members specialized in different field and assess the project from the professional perspectives of industry, finance, and legal affairs.

Complete Post-Lease Management System.

Our post-lease management system covers four aspects: lease assets management, lessee's operation monitoring, lease assets classification and non-performing asset disposal. In terms of lease assets management, we have formulated various requirements for leased assets management, including access conditions, monitoring measures and insurance guarantees for leased assets. In terms of lessee's operation monitoring, we adopt a combination of on-site and off-site inspections to closely monitor the lessee's operation. Once a risk signal is found, we will immediately start the investigation and issue disposal suggestions. In terms of lease assets classification, we classify the leased assets into five categories: normal, special mention, sub-standard, doubtful and loss, and regularly evaluate and adjust them, and take timely countermeasures for the deteriorated assets. In terms of non-performing asset disposal, we form interdepartmental team to analyze the disposal methods of non-performing assets and form targeted treatment plans, including taking relevant legal procedures, selling lease assets or other measures. Based on the accumulation of our long-term professional development, we can quickly dispose of non-performing assets and recover the financial lease receivables at a reasonable price in the existing customer network.

Management Discussion and Analysis

5.2 Interest Rate Risk

The Group's interest rate risk arises from the mismatch between the maturity date of interest-earning assets and interest-bearing liabilities and the contract repricing date. The risk of changes in the cash flow of financial instruments caused by the Group's interest rate changes was mainly related to financial lease. The Group adopts the following measures to manage its interest rate risk:

- Optimizing the time difference between the maturity dates of interest-earning assets and interest-bearing liabilities and the contract repricing date; and
- Managing the difference between the pricing of interest-earning assets and interest-bearing liabilities and Loan Prime Rate (the “LPR”) and the benchmark interest rate of the People's Bank of China.

5.3 Liquidity Risk

Liquidity risk refers to our potential failure to secure sufficient funding at reasonable costs, leading to our failure to satisfy our various payment obligations and to support our business operations and expansions.

In terms of liquidity risk management, the Group held cash and cash equivalents that the senior management considered sufficient and implemented comprehensive policies and process monitoring to meet our operating and sustainable development needs. Our management supervised the use of financing and ensured compliance with corresponding financing agreements.

During the Reporting Period, the liquidity position of the Group has been sound. By assessing and monitoring the liquidity situation, the Group allocated financial assets and financial liabilities as a whole to improve its ability to ensure liquidity at a reasonable cost in a timely manner.

5.4 Foreign Currency Risk

The functional currency of the Group is RMB. The majority of the Group's revenue and expenditures are denominated in RMB. The Group currently does not have any foreign currency hedging policies. The management will continue to monitor the Group's foreign exchange risk exposure and consider adopting prudent measures as appropriate.

Management Discussion and Analysis

6. PLEDGE OF GROUP ASSETS

As at the end of the Reporting Period, the Group held loans and receivables of RMB5,941.5 million pledged to secure borrowings, and cash of RMB63.3 million pledged for bank acceptances, factorings and asset-backed securities.

7. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

During the Reporting Period, the Group had no significant investment and significant acquisition or disposal of subsidiaries, associates and joint ventures.

8. HUMAN RESOURCES

8.1 Staff Costs

During the Reporting Period, the staff costs of the Group amounted to approximately RMB37.4 million (the corresponding period of last year: approximately RMB37.1 million). The staff costs include salary, social insurance, cash settled share based payments, employee benefits, and employee training.

8.2 Staff Structure

As of June 30, 2024, the Group had a total of 143 employees (As of December 31, 2023: 141), with approximately 100.0% of our staff holding bachelor's degrees (53 employees) or above (88 employees obtained master's degrees and 2 employees obtained doctor's degrees), and approximately 62.9% holding master's degrees or above. Approximately 18.9% (27 employees) have intermediate professional titles or above; and approximately 4.9% (7 employees) have associate senior professional titles or above.

The Group's employees are generally stable with a high retention rate. In addition to the normal flow of people, approximately 42.0% of our employees (60 employees) have been worked for the Group for over five years. We did not experience any material labor disputes during the Reporting Period.

Management Discussion and Analysis

8.3 Incentive Schemes

We have established and implemented flexible and efficient employee incentive schemes to correlate the remuneration of our employees with their overall performance and contribution to the Group and have established a performance-based remuneration awards system that combines their performance and accomplishment of work targets. Employees of the Group are promoted in terms of positions, seniority, overall performance, as well as professional and administrative classification, with a clear career path. We implement comprehensive performance evaluations and well-directed training programs for all staff every year, in accordance with our business objective obligations and achievement of key objectives. Since the date of incorporation of the Company and up to the end of the Reporting Period, the Group did not adopt any share option scheme.

8.4 Employee Benefits

In accordance with applicable PRC laws and regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing provident funds for our employees. We also provided supplemental commercial medical insurance and accident insurance in addition to the social security insurance and housing provident funds above.

8.5 Employee Training

The Group valued staff training and established a preliminary training system based on job competency. In order to encourage the staff to study and upgrade themselves and cultivate and establish a team of professional and highly efficient talents, the Group adopted a people-oriented approach to provide trainings based on actual needs, and organized various training sessions on operating management and professional skills based on the principle of classified management, covering employees of all levels from front-line staff to senior management. The Group also implemented the plan for the cultivation of cadres and young talents.

Management Discussion and Analysis

9. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

9.1 Contingent Liabilities

As at the end of the Reporting Period, the Group did not have any material contingent liabilities.

9.2 Capital Commitments and Credit Commitments

The Group has the following capital commitments and non-cancellable credit commitments as of the dates indicated:

	As of June 30, 2024 RMB' 000	As of December 31, 2023 RMB'000
Credit commitments ⁽¹⁾	155,905	62,240
Capital commitments ⁽²⁾	2,340	62,340
Property and equipment ⁽³⁾	2,674	—

Notes:

- (1) The Group's non-cancellable credit commitments were primarily finance leases that have been contracted, but not yet commenced.
- (2) As at the end of the Reporting Period, the contracted capital commitments included the unpaid capital commitment to Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd. of RMB2.3 million.
- (3) The property and equipment commitments of our Group mainly refer to the outstanding payments for operating lease assets that have been signed but not confirmed in the financial statements.

Management Discussion and Analysis

10. USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company issued 333,334,000 H Shares at the issue price of HK\$1.52 per H share in connection with the global offering.

The H Shares have been listed on the Stock Exchange since January 21, 2020. The Group received net proceeds (after deduction of underwriting commission and related costs and expenses) from the global offering of approximately RMB405.8 million.

As disclosed in the announcement of the Company dated October 20, 2023 (the “**Announcement**”) and the circular of the Company dated November 10, 2023 (the “**Circular**”), having carefully considered the investment capital requirement for improvement of information systems was less than those of initially expected, for the purpose of enhancing the utilization efficiency of the net proceeds from the global offering, the Board resolved to reallocate the unused net proceeds initially allocated for improvement of information systems, in the amount of approximately RMB12.7 million, to the expansion of business operations of the Company in order to extend the customer base and boost the turnover. Please refer to the Announcement and Circular for details.

The net proceeds from the global offering have been used in accordance with the purposes set out in the prospectus of the Company dated December 31, 2019 (the “**Prospectus**”) and disclosed in the Announcement and Circular.

Management Discussion and Analysis

The table below sets forth a detailed breakdown and description of the use of net proceeds from the listing of the Company:

Use of proceeds	Amounts expected to be utilized as disclosed in the prospectus (RMB in million)	Utilised immediately before the reallocation (RMB in million)	Unutilised immediately before the reallocation (RMB in million)	Planned use of net proceeds after reallocation (RMB in million)	Amount utilised after reallocation up to 30 June 2024 (RMB in million)	Unutilised (as at 30 June 2024) (RMB in million)	Expected time of use
Expansion of our business operations	284.0	284.0	0	12.7	12.7	0	Not applicable
Improvement of our information systems	40.6	27.9	12.7	–	–	–	Not applicable
Recruitment of talents	40.6	40.6	0	–	–	–	Not applicable
Replenishment of working capital	40.6	40.6	0	–	–	–	Not applicable

11. BUSINESS OUTLOOK

In the second half of 2024, the Company will continue to adhere to our goals, actively seek change, and self innovate, responding to external uncertainties with our own certainty. We will pay attention to the new era, new goals, and new journey, and play the unique role of the “Zhongguancun Technology Leasing Model” in the long-term task and system engineering of cultivating and strengthening new quality productive forces. The Company will push ahead with in-depth integration of industrial operation and technology finance, transform and upgrade business structures, continuously improve the Company’s internal value, bring satisfactory returns to investors and create greater value for the society.

12. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at June 30, 2024, the Company did not have any future plans for material investments or capital assets.

Other Information

1. CORPORATE GOVERNANCE PRACTICE

The Company has adopted the CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has committed to maintaining high standards of corporate governance in order to safeguard the interests of the Shareholders and enhance the corporate value and accountability of the Company.

To the best knowledge of the Directors, during the Reporting Period, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code. The Board will continue to review and improve the Company's corporate governance practice to ensure its compliance with the CG Code.

2. MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has formulated the Code of Dealing in Securities of the Company by Directors, Supervisors, Senior Management and Personnel with Inside Information (《董事、監事、高級管理人員及其他內幕信息知情人員證券交易管理制度》) (the “**Code of Dealing**”) as the code of conduct of the securities transactions carried out by the Directors, Supervisors, senior management and personnel with inside information, the terms of which are not less exacting than the Model Code.

Specific enquiry has been made with the Directors and Supervisors, they have confirmed their compliance with the required standards set out in the said Code of Dealing during the Reporting Period.

3. INTERIM DIVIDEND

The Board does not recommend to declare any interim dividends for the six months ended June 30, 2024 (2023 interim: Nil).

Other Information

4. AUDIT COMMITTEE

The Audit Committee consists of four members, being Mr. WU Tak Lung, Mr. CHENG Dongyue and Ms. LIN Zhen, independent non-executive Directors, and Ms. WANG Sujuan, non-executive Director. The Audit Committee is chaired by Mr. WU Tak Lung who has a professional qualification in accountancy as required by the Listing Rules. Mr. ZHANG Chunlei was appointed as non-executive Director of the second session of the Board and a member of the Audit Committee of the Board on December 22, 2023, and his term of office shall be effective from the date of approval of his director's qualification of the Beijing Municipal Bureau of Local Financial Regulation and Supervision.

The Audit Committee has discussed with the management and external auditor and reviewed the condensed consolidated financial statements of the Group for the six months ended June 30, 2024 and the interim results. In addition, Deloitte Touche Tohmatsu, the external auditor of the Company, has independently reviewed the condensed consolidated financial statements of the Group for the six months ended June 30, 2024.

5. CHANGES OF INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

Mr. HUANG Jinliang was appointed as non-executive Director of the second session of the Board on May 10, 2024, and his term of office shall be effective from the date of approval of his director's qualification of the Beijing Municipal Bureau of Local Financial Regulation and Supervision.

Mr. ZHANG Jian resigned from his positions as the chairman of the Board of Supervisors and the shareholder representative Supervisor with effect from August 23, 2024.

Saved as disclosed above, the Company is not aware of other changes in the information of each Director, Supervisor and chief executive of the Company that is required to be disclosed under Rule 13.51B(1) of the Listing Rules.

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 (including sale of treasury shares). As at the end of the Reporting Period, no treasury shares were held by the Company.

Other Information

7. INTERESTS AND SHORT POSITION OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the end of the Reporting Period, none of the Directors, Supervisors or chief executives of the Company had any interest and/or short position in the Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of SFO) or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or would be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

8. INTERESTS AND SHORT POSITION OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at the end of the Reporting Period, to the knowledge of the Directors, the following persons (not being Directors, Supervisors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be notified to the Company pursuant to 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:

Name of Shareholder	Class of Shares	Capacity/ Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the total issued relevant class of Shares ⁽¹⁾ (%)	Approximate percentage of shareholding in the total issued Shares ⁽¹⁾ (%)
ZGC Finance ⁽²⁾	Domestic Shares	Beneficial owner	640,000,000 (L)	76.19% (L)	48.00% (L)
ZGC International Holding Limited ⁽²⁾	H Shares	Beneficial owner	25,476,000 (L)	5.16%(L)	1.91%(L)
ZGC Group ⁽²⁾	Domestic Shares	Interest of controlled corporation	640,000,000 (L)	76.19% (L)	48.00% (L)
	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16%(L)	1.91%(L)
Beijing SCOMC ⁽²⁾	Domestic Shares	Interest of controlled corporation	640,000,000 (L)	76.19% (L)	48.00% (L)
	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16%(L)	1.91%(L)
Chaoyang SCOMC ⁽³⁾	Domestic Shares	Beneficial owner	100,000,000 (L)		
		Interest of controlled corporation	100,000,000 (L)		
		Total:	200,000,000 (L)	23.81% (L)	15.00% (L)

Other Information

Name of Shareholder	Class of Shares	Capacity/ Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding in the total issued relevant class of Shares ⁽¹⁾ (%)	Approximate percentage of shareholding in the total issued Shares ⁽¹⁾ (%)
Beijing Chaoyang International Technology Development Group Co., Ltd. (北京朝陽國際科技發展集團有限公司) ⁽³⁾	Domestic Shares	Interest of controlled corporation	100,000,000 (L)	11.90% (L)	7.50% (L)
Wangjing Development ⁽³⁾	Domestic Shares	Beneficial owner	100,000,000 (L)	11.90% (L)	7.50% (L)
Nanshan Capital ⁽⁴⁾	H Shares	Beneficial owner	99,900,000 (L)	20.25% (L)	7.49% (L)
Nanshan Group Co., Ltd. (南山集團有限公司) ⁽⁴⁾	H Shares	Interest of controlled corporation	99,900,000 (L)	20.25% (L)	7.49% (L)
Nanshan Villagers' Committee of Dongjiang County, Longkou City (龍口市東江鎮南山村村民委員會) ⁽⁴⁾	H Shares	Interest of controlled corporation	99,900,000 (L)	20.25% (L)	7.49% (L)
SONG Zuwen (宋作文) ⁽⁴⁾	H Shares	Interest of controlled corporation	99,900,000 (L)	20.25% (L)	7.49% (L)
CCCC (HK) Holding Limited (中交集團(香港)控股有限公司) ⁽⁵⁾	H Shares	Beneficial owner	58,914,000 (L)	11.94%(L)	4.42%(L)
China Communications Construction Group Limited (中國交通建設集團有限公司) ⁽⁵⁾	H Shares	Interest of controlled corporation	58,914,000 (L)	11.94%(L)	4.42%(L)
Beijing Enterprises Group Company Limited (北京控股集團有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Group (BVI) Company Limited (北京控股集團(英屬維爾京群島)有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Morden Orient Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Investments Limited (北京企業投資有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Holdings Limited (北京控股有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Environmental Construction Limited (北控環境建設有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Enterprises Water Group Limited (北控水務集團有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	25,476,000 (L)	5.16% (L)	1.91% (L)
United Crystal Limited (源晶有限公司) ⁽⁶⁾	H Shares	Beneficial owner	25,476,000 (L)	5.16% (L)	1.91% (L)
Beijing Haidian State-owned Capital Operation and Management Center (北京市海淀區國有資本經營管理中心) ⁽⁷⁾	H Shares	Interest of controlled corporation	36,742,000 (L)	7.45% (L)	2.76% (L)
Beijing Zhongguancun Science City Innovation and Development Co., Ltd. (北京中關村科學城創新發展有限公司) ⁽⁷⁾	H Shares	Beneficial owner	36,742,000 (L)	7.45% (L)	2.76% (L)
HU Daosheng (胡道生) ⁽⁸⁾	H Shares	Interest of controlled corporation	32,894,000 (L)	6.67% (L)	2.47% (L)
Superior Far East International Holdings Limited ⁽⁸⁾	H Shares	Interest of controlled corporation	32,894,000 (L)	6.67% (L)	2.47% (L)
Superior Far East (China) Holdings Limited (佳和控股有限公司) ⁽⁸⁾	H Shares	Beneficial owner	32,894,000 (L)	6.67% (L)	2.47% (L)

Other Information

Notes:

- (1) As at the end of the Reporting Period, the Company has issued a total number of 1,333,334,000 Shares, comprising 840,000,000 Domestic Shares and 493,334,000 H Shares. (L) represents long position.
- (2) ZGC Finance directly holds 640,000,000 Domestic Shares. ZGC International Holding Limited directly holds 25,476,000 H Shares. As ZGC Finance and ZGC International Holding Limited are wholly-owned subsidiaries of ZGC Group, ZGC Group is deemed to be interested in entire Domestic Shares held by ZGC Finance and H Shares held by ZGC International Holding Limited under the SFO. As ZGC Group is owned as to 50.41% by Beijing SCOMC, Beijing SCOMC is deemed to be interested in entire Domestic Shares held by ZGC Finance and H Shares held by ZGC International Holding Limited under the SFO.
- (3) Chaoyang SCOMC directly holds 100,000,000 Domestic Shares. Wangjing Development is a wholly-owned subsidiary of Beijing Chaoyang International Technology Development Group Co., Ltd. which in turn is a wholly-owned subsidiary of Chaoyang SCOMC. Chaoyang SCOMC and Beijing Chaoyang International Technology Development Group Co., Ltd. are also deemed to be interested in 100,000,000 Domestic Shares held by Wangjing Development under the SFO.
- (4) Under the SFO, Nanshan Group Co., Ltd. (南山集團有限公司) is deemed to be interested in the entire H Shares held by Nanshan Capital, its wholly-owned subsidiary. As Nanshan Group Co., Ltd. is owned as to 51% by Nanshan Villagers' Committee of Dongjiang County, Longkou City (龍口市東江鎮南山村村民委員會) and 49% by Mr. SONG Zuowen (宋作文), respectively, under the SFO, each of Nanshan Villagers' Committee of Dongjiang County, Longkou City and Mr. SONG Zuowen is deemed to be interested in the entire H Shares held by Nanshan Capital.
- (5) Under the SFO, China Communications Construction Group Limited (中國交通建設集團有限公司) is deemed to be interested in the entire H Shares held by CCCG (HK) Holding Limited (中交集團(香港)控股有限公司), its wholly-owned subsidiary.
- (6) United Crystal Limited is a wholly-owned subsidiary of Beijing Enterprises Water Group Limited (北控水務集團有限公司), which is owned as to 41.13% by Beijing Enterprises Environmental Construction Limited (北控環境建設有限公司), a wholly-owned subsidiary of Beijing Enterprises Holdings Limited. Beijing Enterprises Holdings Limited is held as to 7.93% by Modern Orient Limited, a wholly-owned subsidiary of Beijing Enterprises Investments Limited, which is held as to 72.72% by Beijing Enterprises Group (BVI) Company Limited. Beijing Enterprises Investments Limited also directly holds 12.97% of the equity interest of Beijing Enterprises Holdings Limited. As a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, Beijing Enterprises Group (BVI) Company Limited directly and indirectly holds 61.96% of the equity interest of Beijing Enterprises Holdings Limited. Each of Beijing Enterprises Water Group Limited, Beijing Enterprises Environmental Construction Limited, Beijing Enterprises Investments Limited, Modern Orient Limited, Beijing Enterprises Holdings Limited, Beijing Enterprises Group (BVI) Company Limited and Beijing Enterprises Group Company Limited is therefore deemed to be interested in H Shares held by United Crystal Limited under the SFO.
- (7) Under the SFO, Beijing Haidian State-owned Capital Operation and Management Center (北京市海淀區國有資本經營管理中心) is deemed to be interested in the entire H Shares held by Beijing Zhongguancun Science City Innovation and Development Co., Ltd. (北京中關村科學城創新發展有限公司), its wholly-owned subsidiary.
- (8) Superior Far East (China) Holdings Limited (佳和控股有限公司) is wholly owned by Superior Far East International Holdings Limited, which is wholly owned by Mr. HU Daosheng. Under the SFO, each of Superior Far East International Holdings Limited and Mr. HU Daosheng is therefore deemed to be interested in H Shares held by Superior Far East (China) Holdings Limited.

Other Information

Save as disclosed above and to the best knowledge of the Directors, as at the end of the Reporting Period, no person (excluding Directors, Supervisors, and chief executives of the Company) had an interest or a short position in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to 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.

9. MATERIAL LEGAL, LITIGATION AND ARBITRATION MATTERS

As at the end of the Reporting Period, the Company has no material pending litigation as defendant.

10. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Group did not have any significant events subsequent to the end of the Reporting Period.

Independent Auditor's Report

To the Board of Directors of

Zhongguancun Science-Tech Leasing Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Zhongguancun Science-Tech Leasing Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 52 to 85, which comprise the condensed consolidated statement of financial position as at June 30, 2024 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the condensed consolidated financial statements. 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 (“**IAS 34**”), issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements 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”, issued by the International Auditing and Assurance Standards Board. A review of these condensed consolidated financial statements 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.

Independent Auditor's Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

OTHER MATTER

The comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended June 30, 2023 and the relevant notes to the condensed consolidated financial statements were extracted from the interim financial information of the Group for the six-month period ended June 30, 2023 and reviewed by another auditor who expressed an unmodified conclusion on the interim financial information on August 18, 2023. The comparative condensed consolidated statement of financial position as at December 31, 2023 were extracted from the consolidated financial statements of the Group for the year ended December 31, 2023 and audited by the same auditor who expressed an unmodified opinion on the annual financial statements on March 15, 2024.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

August 23, 2024

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

		Six months ended June 30,	
		2024	2023
	Notes	RMB'000	RMB'000
Interest income		365,865	330,962
Advisory fee income		54,112	67,400
Rental income from operating leases		3,587	–
Revenue	4	423,564	398,362
Other net income	5	2,312	11,103
Interest expense	6	(146,367)	(143,950)
Operating expense	7	(68,540)	(69,188)
Impairment recognised under expected credit loss model, net of reversal	8	(30,774)	(30,004)
Share of results of associates		3,010	7,830
Net foreign exchange (losses)/gains		(4)	3
Profit before taxation		183,201	174,156
Income tax expense	9	(45,945)	(43,168)
Profit for the period		137,256	130,988
Other comprehensive income for the period		–	–
Total comprehensive income for the period		137,256	130,988
Attributable to:			
Equity shareholders of the Company		137,256	130,988
Total comprehensive income for the period		137,256	130,988
Earnings per share			
Basic and diluted (in RMB Yuan)	10	0.10	0.10

The notes on pages 52 to 85 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

As at June 30, 2024

(Expressed in RMB unless otherwise indicated)

	Notes	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Non-current assets			
Property and equipment	11	48,285	35,965
Intangible assets		19,037	19,556
Loans and receivables	12	4,001,172	4,790,021
Financial assets at fair value through other comprehensive income ("FVTOCI")		12,224	12,224
Financial assets at fair value through profit or loss ("FVTPL")		1,317	1,317
Interest in associates		327,022	264,525
Other assets	13	154	180
Deferred tax assets	14(a)	90,918	92,540
		4,500,129	5,216,328
Current assets			
Loans and receivables	12	6,261,296	6,417,227
Other assets	13	84,907	99,938
Accounts receivable		1,552	–
Pledged and restricted deposits		63,273	46,117
Cash and cash equivalents	15	578,111	635,263
		6,989,139	7,198,545
Current liabilities			
Borrowings	16	4,502,639	6,302,429
Income tax payable	14(b)	8,809	14,142
Trade and other liabilities	17	1,360,380	1,601,533
		5,871,828	7,918,104
Net current assets/(liabilities)		1,117,311	(719,559)
Total assets less current liabilities		5,617,440	4,496,769
Non-current liabilities			
Borrowings	16	2,291,697	1,110,219
Trade and other liabilities	17	878,916	986,312
		3,170,613	2,096,531
NET ASSETS		2,446,827	2,400,238

The notes on pages 52 to 85 form part of this interim financial report.

Condensed Consolidated Statement of Financial Position

As at June 30, 2024
(Expressed in RMB unless otherwise indicated)

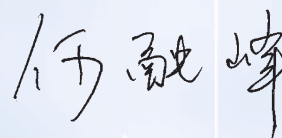
	Note	June 30, 2024 RMB'000	December 31, 2023 RMB'000
CAPITAL AND RESERVES	18		
Share capital		1,333,334	1,333,334
Reserves		1,113,493	1,066,904
Total equity attributable to equity shareholders of the Company		2,446,827	2,400,238
TOTAL EQUITY		2,446,827	2,400,238

The notes on pages 52 to 85 form part of this interim financial report.

Approved and authorised for issue by the board of directors on August 23, 2024.



Zhang Shuqing
Chairman



He Rongfeng
General manager

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

		Attributable to equity shareholders of the Company						
		Share capital	Capital reserve	Surplus reserve	Fair value reserve	General reserve	Retained profits	Total equity
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2024		1,333,334	331,149	98,135	2,137	110,470	525,013	2,400,238
Changes in equity for the six months ended June 30, 2024:								
Total comprehensive income for the period		-	-	-	-	-	137,256	137,256
Dividends approved in respect of the previous year		18(d)	-	-	-	-	(90,667)	(90,667)
Balance at June 30, 2024		1,333,334	331,149	98,135	2,137	110,470	571,602	2,446,827
Balance at January 1, 2023		1,333,334	331,149	72,159	2,194	110,470	371,114	2,220,420
Changes in equity for the six months ended June 30, 2023:								
Total comprehensive income for the period		-	-	-	-	-	130,988	130,988
Dividends approved in respect of the previous year		18(d)	-	-	-	-	(80,000)	(80,000)
Balance at June 30, 2023		1,333,334	331,149	72,159	2,194	110,470	422,102	2,271,408

The notes on pages 52 to 85 form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

		Six months ended June 30,	
	Notes	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from/(used in) operations		896,738	(59,430)
Income taxes paid	14(b)	(49,656)	(56,605)
Net cash generated from/(used in) operating activities		847,082	(116,035)
Investing activities			
Dividends received from associates		513	–
Proceeds from disposal and redemption of investments		–	47,390
Payment for purchase of equipment and intangible assets		(17,022)	(1,576)
Payments for acquisition of investments		(60,000)	–
Net cash (used in)/generated from investing activities		(76,509)	45,814

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

		Six months ended June 30,	
		2024	2023
	Notes	RMB' 000	RMB' 000
Financing activities			
Proceeds from borrowings		3,718,399	3,777,519
Repayment of borrowings		(4,369,328)	(3,571,343)
Interest paid		(150,440)	(113,295)
Capital element of lease rentals paid		(6,128)	(5,937)
Interest element of lease rentals paid		(414)	(694)
Other borrowing costs paid		(19,810)	(15,007)
Net cash (used in)/generated from financing activities		(827,721)	71,243
Net (decrease)/increase in cash and cash equivalents		(57,148)	1,022
Cash and cash equivalents at January 1		635,263	634,987
Effect of foreign exchanges rates changes		(4)	3
Cash and cash equivalents at June 30	15	578,111	636,012

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

1. GENERAL INFORMATION

Zhongguancun Science-Tech Leasing Co., Ltd. (the “**Company**”), formerly known as Zhongguancun Science-Tech Leasing Ltd., was established as a limited liability company in Beijing, the People's Republic of China (the “**PRC**”). On August 16, 2019, the Company was converted into a joint stock limited liability company and was renamed to Zhongguancun Science-Tech Leasing Co., Ltd. On January 21, 2020, the Company's H shares were listed on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“**IAS**”) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (the “**IASB**”). It was authorised for issue on August 23, 2024.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and should be read in conjunction with the Group's annual financial statements for the year ended December 31, 2023.

The interim financial report is unaudited but has been reviewed by Deloitte Touche Tohmatsu in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the International Auditing and Assurance Standards Board.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

3. PRINCIPAL ACCOUNTING INFORMATION

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

Other than additional/change in accounting policies resulting from application of amendments to IFRSs, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2024 are the same as those presented in the Group's annual consolidated financial statements for the year ended December 31, 2023.

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

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

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

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

4. REVENUE

The principal activities of the Group are provision of leasing services and related advisory services to customers in the PRC. The Group has no lessee for the six months ended June 30, 2024 and 2023, with whose transactions have exceeded 10% of the Group's aggregate revenues.

No segment information is presented as the Group is principally engaged in a single line of business. Revenue represents interest income, rental income and advisory fee net of value added taxes and other charges.

The amount of each significant category of revenue is as follows:

	Note	Six months ended June 30,	
		2024 RMB'000	2023 RMB'000
Interest income			
– Finance lease receivables		32,022	23,043
– Sale-and-leaseback transactions		296,427	276,908
– Intellectual property lease transactions		37,416	31,011
Advisory fee income	(i)		
– Management advisory fee income		16,121	19,200
– Policy advisory fee income		37,991	48,200
Rental income from operating leases		3,587	–
		423,564	398,362

Note:

- (i) Advisory fee income arises from contracts with customers within the scope of IFRS 15 "Revenue from Contracts with Customers" and is recognised at a point in time.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

5. OTHER NET INCOME

	Note	Six months ended June 30,	
		2024 RMB' 000	2023 RMB'000
Investment income		—	4,713
Value-added tax (VAT) additional deduction		—	2,668
Interest from deposits		2,045	2,311
Government grants	(i)	148	437
Others		119	974
		2,312	11,103

Note:

- (i) The government grants were mainly awarded to enterprises that provide financing support to scientific and technological innovation business and enterprises in certain areas. The grants were unconditional and therefore recognised as income when received.

6. INTEREST EXPENSE

	Six months ended June 30,	
	2024 RMB' 000	2023 RMB'000
Borrowings	119,196	99,466
Borrowings from a related party	—	16,078
Imputed interest expense on interest-free guaranteed deposits from lessees	26,757	27,712
Interest expense on lease liabilities	414	694
	146,367	143,950

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

7. OPERATING EXPENSE

(a) Staff costs

	Six months ended June 30,	
	2024	2023
	RMB' 000	RMB' 000
Salaries, bonuses and allowances	25,211	26,259
Social insurance and other benefits	12,176	10,641
Cash-settled share-based payments	—	186
Sub-total	37,387	37,086

(b) Other items

	Six months ended June 30,	
	2024	2023
	RMB' 000	RMB' 000
Depreciation and amortisation expenses	9,467	8,623
Asset securitisation fees	7,565	8,505
Regional corporate service fees	3,444	2,802
Professional service fees	1,513	962
Office and travel expenses	2,278	3,339
Public maintenance fees	981	900
Business development expenses	870	1,381
Auditor's remuneration	830	943
Others	4,205	4,647
Sub-total	31,153	32,102
Total operating expense	68,540	69,188

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

8. IMPAIRMENT RECOGNISED UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

		Six months ended June 30, 2024 RMB'000	2023 RMB'000
	Note		
Loans and receivables	12(c)	30,774	30,004
Credit commitments		—	—
		30,774	30,004

9. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended June 30, 2024 RMB'000	2023 RMB'000
	Note		
Current tax			
– PRC Enterprise Income Tax (“EIT”) Provision for the period		44,323	49,544
Deferred income tax			
– Origination of temporary differences	14(a)	1,622	(6,376)
		45,945	43,168

Note:

- (i) The Company is subject to PRC EIT at the statutory rate of 25%. The consolidated structured entities are not subject to PRC EIT.

10. BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB137.3 million (six months ended June 30, 2023: RMB131.0 million) and the weighted average of 1,333.3 million ordinary shares (six months ended June 30, 2023: 1,333.3 million) in issue during the interim period.

There is no difference between basic and diluted earnings per share as there were no potentially dilutive shares outstanding for the six months ended June 30, 2024 and 2023.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

11. PROPERTY AND EQUIPMENT

	Properties leased for own use carried at cost RMB'000	Electronic equipment RMB'000	Office equipment RMB'000	Machinery leased out under operating leases RMB'000	Others RMB'000	Total RMB'000
Cost						
As at January 1, 2023	55,690	6,740	962	–	1,159	64,551
Additions	–	736	13	13,274	629	14,652
Disposals	(10,634)	(176)	(63)	–	(1,042)	(11,915)
As at December 31, 2023/ January 1, 2024	45,056	7,300	912	13,274	746	67,288
Additions	–	190	19	19,681	628	20,518
Disposals	(768)	(362)	(10)	–	–	(1,140)
As at June 30, 2024	44,288	7,128	921	32,955	1,374	86,666
Accumulated depreciation						
As at January 1, 2023	(24,119)	(2,408)	(688)	–	(986)	(28,201)
Charge for the year	(12,246)	(1,231)	(97)	–	(348)	(13,922)
Eliminated on disposals	9,540	159	59	–	1,042	10,800
As at December 31, 2023/ January 1, 2024	(26,825)	(3,480)	(726)	–	(292)	(31,323)
Charge for the period	(5,617)	(637)	(33)	(1,684)	(198)	(8,169)
Eliminated on disposals	768	334	9	–	–	1,111
As at June 30, 2024	(31,674)	(3,783)	(750)	(1,684)	(490)	(38,381)
Net carrying amount						
As at June 30, 2024	12,614	3,345	171	31,271	884	48,285
As at December 31, 2023	18,231	3,820	186	13,274	454	35,965

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

12. LOANS AND RECEIVABLES

Loans and receivables by nature:

	Note	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Minimum finance lease receivables			
Within one year		828,335	747,018
In the second year		396,767	388,781
In the third year		157,232	208,128
In the fourth year		47,516	43,790
In the fifth year		13,407	24,799
Gross amount of finance lease receivables		1,443,257	1,412,516
Less: Unearned finance income		(125,644)	(130,993)
Net amount of finance lease receivables		1,317,613	1,281,523
Receivables from sale-and-leaseback transactions	(i)	8,377,455	9,130,440
Receivables from intellectual property lease transactions		961,020	1,158,131
Loans and receivables		10,656,088	11,570,094
Less:			
Provision for finance lease receivables		(148,026)	(143,885)
Provision for receivables from sale-and-leaseback transactions		(226,357)	(204,607)
Provision for receivables from intellectual property lease transactions		(19,237)	(14,354)
Provision for loans and receivables		(393,620)	(362,846)
Total		10,262,468	11,207,248

Note:

- (i) Receivables from sale-and-leaseback transactions which do not satisfy sales under IFRS 15 "Revenue from Contracts with Customers" were recognised as loans and receivables in accordance with IFRS 9 "Financial Instruments".

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

12. LOANS AND RECEIVABLES (continued)

Analysis for reporting purpose as:

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Non-current assets	4,001,172	4,790,021
Current assets	6,261,296	6,417,227
Total	10,262,468	11,207,248

(a) Present value of minimum finance lease receivables:

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Within one year	743,576	663,166
In the second year	368,563	357,600
In the third year	148,007	196,436
In the fourth year	44,482	40,449
In the fifth year	12,985	23,872
Total	1,317,613	1,281,523

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

12. LOANS AND RECEIVABLES (continued)

(b) Loans and receivables and allowances for impairment losses:

	June 30, 2024			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Net amount of loans and receivables	9,746,696	58,393	850,999	10,656,088
Less: Allowances for impairment losses	(37,869)	(727)	(355,024)	(393,620)
Carrying amount of loans and receivables	9,708,827	57,666	495,975	10,262,468

	December 31, 2023			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Net amount of loans and receivables	10,798,172	88,456	683,466	11,570,094
Less: Allowances for impairment losses	(39,578)	(920)	(322,348)	(362,846)
Carrying amount of loans and receivables	10,758,594	87,536	361,118	11,207,248

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

12. LOANS AND RECEIVABLES (continued)

(c) Changes in allowance for impairment losses of loans and receivables are as follows:

	June 30, 2024			
	12-month ECL RMB' 000	Lifetime ECL not credit-impaired RMB' 000	Lifetime ECL credit-impaired RMB' 000	Total RMB' 000
Balance at January 1, 2024	39,578	920	322,348	362,846
Transfer:				
– to lifetime ECL not credit-impaired	(125)	125	–	–
– to lifetime ECL credit-impaired	(518)	(920)	1,438	–
(Reversal)/charge for the period	(1,066)	602	31,238	30,774
Balance at June 30, 2024	37,869	727	355,024	393,620

	December 31, 2023			
	12-month ECL RMB' 000	Lifetime ECL not credit-impaired RMB' 000	Lifetime ECL credit-impaired RMB' 000	Total RMB' 000
Balance at January 1, 2023	33,862	524	250,286	284,672
Transfer:				
– to lifetime ECL not credit-impaired	(209)	209	–	–
– to lifetime ECL credit-impaired	(738)	(524)	1,262	–
Charge for the year	6,663	711	70,800	78,174
December 31, 2023	39,578	920	322,348	362,846

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

13. OTHER ASSETS

	Note	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Non-current assets			
Other assets		154	180
Current assets			
Deductible VAT		70,643	79,233
Advance payments		10,302	16,029
Due from related parties	21(d)	3,693	3,683
Other receivables		269	993
Sub-total		84,907	99,938
Total		85,061	100,118

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

14. INCOME TAX IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the period are as follows:

Deferred tax arising from:	Revaluation of FVTOCI RMB'000	Revaluation of FVTPL RMB'000	Revenue with EIT paid in prior years RMB'000	Revaluation of equity investments RMB'000	Allowance for impairment losses RMB'000	Accrued staff costs RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Depreciation RMB'000	Total RMB'000
January 1, 2023	(2,324)	(153)	9,415	(8,274)	71,259	5,920	(8,151)	8,151	-	75,843
Credited/(charged) to profit or loss	-	188	(4,061)	(15)	19,563	762	3,393	(3,151)	-	16,679
Credited to other comprehensive income	18	-	-	-	-	-	-	-	-	18
December 31, 2023 (Charged)/credited to profit or loss	(2,306)	35	5,354	(8,289)	90,822	6,682	(4,758)	5,000	-	92,540
	-	-	(3,394)	(764)	7,694	(5,246)	1,295	(1,375)	168	(1,622)
June 30, 2024	(2,306)	35	1,960	(9,053)	98,516	1,436	(3,463)	3,625	168	90,918

(b) Income tax payable

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
At the beginning of the period/year	14,142	18,142
Provision for income tax for the period/year	44,323	103,009
Income tax paid	(49,656)	(107,009)
At the end of the period/year	8,809	14,142

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

15. CASH AND CASH EQUIVALENTS

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Deposits with banks	578,111	635,263

16. BORROWINGS

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Bank loans		
– pledged	1,693,476	2,223,561
– unsecured	1,429,688	2,528,104
Asset-backed securities	3,269,758	2,261,175
Short-term commercial papers	401,414	399,808
	6,794,336	7,412,648

Analysis for reporting purpose as:

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Non-current	2,291,697	1,110,219
Current	4,502,639	6,302,429
	6,794,336	7,412,648

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

16. BORROWINGS (continued)

As at the end of the Reporting Period, the borrowings were repayable as follows:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Within one year	4,502,639	6,302,429
After 1 year but within 2 years	2,135,107	813,615
After 2 years but within 5 years	156,590	296,604
	6,794,336	7,412,648

The ranges of contractual interest rates on the borrowings are as follows:

	June 30, 2024	December 31, 2023
Range of interest rates:	2.60%-4.70%	2.60%-4.75%

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

17. TRADE AND OTHER LIABILITIES

	Notes	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Current liabilities			
Guaranteed deposits from lessees		509,893	503,558
Notes payable		475,109	766,078
Accounts payable	(i)	165,866	161,505
VAT to be collected in the following period		92,277	79,630
Dividends payable		87,980	–
Lease liabilities		12,094	11,914
Accrued staff costs	(ii)	11,515	32,938
Receipts in advance		2,152	1,890
VAT payable and other tax payable		1,690	2,446
Other payables		1,804	41,574
		1,360,380	1,601,533
Non-current liabilities			
Guaranteed deposits from lessees		737,316	814,708
Deferred revenue		73,131	87,148
VAT to be collected in the following period		65,618	75,924
Lease liabilities		2,407	8,088
Provision for credit commitments		444	444
		878,916	986,312
Total		2,239,296	2,587,845

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

17. TRADE AND OTHER LIABILITIES (continued)

Notes:

(i) Analysed by aging as:

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Within one year	118,429	107,344
After 1 year but within 2 years	22,743	44,529
After 2 years	24,694	9,632
	165,866	161,505

(ii) Contributions to the defined contribution retirement plan, including the social pension insurance schemes and the retirement benefit annuity plan, are recognised as expenses when incurred, and there is no forfeited contribution that may be used by the Group to reduce the existing level of contribution.

18. CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	30 June 2024		31 December 2023	
	Number of shares ('000)	Nominal Value (RMB'000)	Number of shares ('000)	Nominal Value (RMB'000)
Issued and fully paid:				
Domestic shares of RMB1 Yuan each	840,000	840,000	840,000	840,000
H shares of RMB1 Yuan each	493,334	493,334	493,334	493,334
	1,333,334	1,333,334	1,333,334	1,333,334

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

18. CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Capital reserve

Capital reserve mainly includes the capital reserve arising from the conversion of the Company from a limited liability company into a joint-stock company and the share premium arising from the issuance of new shares at prices in excess of par value.

(c) Reserves

(i) *Surplus reserve*

The Company is required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises and other relevant regulations issued by the Ministry of Finance of the PRC (“**MOF**”), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity shareholders of the Company, statutory surplus reserve may be used to net off against accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital before capitalisation.

After making the appropriation to the statutory surplus reserve, the Company may also appropriate its net profit to the discretionary surplus reserve upon approval by equity shareholders.

(ii) *Fair value reserve (non-recycling)*

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVTOCI under IFRS 9 that are held at the end of the reporting period.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

18. CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Reserves (continued)

(iii) General reserve

According to “Guidelines for the Supervision and Management of Beijing Financial Leasing Companies (Trial) (《北京市融資租賃公司監督管理指引(試行)》)” (the “**Guidelines**”) issued on April 7, 2020, the Company maintained a general reserve within equity, through the appropriation of net profit, which should be no less than 1.5% of the year-end balance of gross risk-bearing assets in 2020. Since the Guidelines were annulled on July 15, 2021, there was no further requirement for the Company to appropriate its net profit to general reserve in future.

(d) Dividends

Final dividend in respect of the previous financial year, approved and paid during the interim period was nil (six months ended June 30, 2023: nil). Dividend which was approved but not paid during the interim period was RMB90.7 million (six months ended June 30, 2023: RMB80.0 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

Fair value estimates are generally subjective in nature and made as of a specific point in time based on the characteristics of the financial instruments and relevant market information. The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	June 30, 2024			
	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Financial assets at FVTOCI	—	—	12,224	12,224
Financial assets at FVTPL	—	—	1,317	1,317
Total	—	—	13,541	13,541

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

	December 31, 2023			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTOCI	–	–	12,224	12,224
Financial assets at FVTPL	–	–	1,317	1,317
Total	–	–	13,541	13,541

For the six months ended June 30, 2024 and 2023, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the Reporting Period in which they occur.

Information about Level 3 fair value measurements

The following table presents the related valuation techniques and inputs of the major financial instruments in Level 3.

Financial assets	Fair value hierarchy	Valuation technique(s) and key inputs	Significant unobservable input(s)	Relationship of unobservable input(s) to fair value
Unlisted investments	Level 3	Market comparable companies	Discount for lack of marketability	The higher the discount, the lower the fair value

The fair value of unlisted investments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

19. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (continued)

Information about Level 3 fair value measurements (continued)

The movements during the period/year in the balance of these Level 3 fair value measurements are as follows:

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Unlisted investments:		
At the beginning of the period/year	13,541	13,299
Investments from debt restructuring	—	505
Repayment of cost	—	(48)
Net unrealised gains or losses recognised in profit or loss during the period/year	—	(140)
Net unrealised gains or losses recognised in other comprehensive income during the period/year	—	(75)
At the end of the period/year	13,541	13,541

20. COMMITMENTS

(a) Credit commitments

The Group's non-cancellable credit commitments are primarily loans and receivables that have been contracted, but not provided for. As at June 30, 2024, the Group's non-cancellable lease commitments amounted to RMB155.91 million (December 31, 2023: RMB62.2 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

20. COMMITMENTS (continued)

(b) Capital commitments

	June 30, 2024 RMB'000	December 31, 2023 RMB'000
Contracted, but not provided for:		
Interest in associates	2,340	62,340
Property and equipment	2,674	—

21. MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of the entities	Relationship
Zhongguancun Development Group Co., Ltd.* (中關村發展集團股份有限公司)	Ultimate controlling party
Beijing Zhongguancun Finance Group Co., Ltd.* (北京中關村科技創業金融服務集團有限公司)	Controlling shareholder
Beijing Zhongguancun Frontier Technology Industry Development Co., Ltd.* (北京中關村前沿技術產業發展有限公司)	A company controlled by the ultimate controlling party
Beijing Zhongguancun Life Science Park Biomedical Technology Incubation Co., Ltd.* (北京中關村生命科學園生物醫藥科技孵化有限公司)	A company controlled by the ultimate controlling party
Beijing Zhongguancun Software Park Development Co., Ltd.* (北京中關村軟件園發展有限責任公司)	A company controlled by the ultimate controlling party
Beijing Zhongguancun Technology Service Co., Ltd.* (北京中關村科技服務有限公司)	A company controlled by the ultimate controlling party

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

21. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(a) Name and relationship with related parties (continued)

Name of the entities	Relationship
Beijing Zhongguancun Technology Financing Guarantee Co., Ltd.* (北京中關村科技融資擔保有限公司)	A company controlled by the controlling shareholder
Beijing Chaoyang International Technology Innovation Service Co., Ltd.* (北京朝陽國際科技創新服務有限公司)	A company controlled by the major shareholder
Beijing Zhongguancun Science and Technology Industry Research Institute Co., Ltd.* (北京中關村科技產業研究院有限公司)	A company significantly influenced by the ultimate controlling party
Beijing Zhongnuo Tongchuang Investment Fund Management Co., Ltd.* (北京中諾同創投資基金管理有限公司)	An associate of the Company
Shenzhen Zhongke Zhiyi Industrial Investment Co., Ltd.* (深圳中科知易產業投資有限公司)	An associate of the Company
Zhongguancun Huizhi (Suzhou) Enterprise Management Co., Ltd.* (中關村匯志(蘇州)企業管理有限公司)	An associate of the Company
Zhongguancun Lingyan (Hangzhou) Private Equity Fund Co., Ltd.* (中關村領雁(杭州)私募基金有限公司)	An associate of the Company

* The English translation of the name of these entities are for reference only. The official names of these entities are in Chinese.

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

21. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with key management personnel

	Six months ended June 30,	
	2024 RMB' 000	2023 RMB' 000
Key management personnel remuneration	6,213	6,131

(c) Transaction amounts with related parties:

	Six months ended June 30,	
	2024 RMB' 000	2023 RMB' 000
Non-trade related		
Borrowing related		
Interest expenses arising from borrowings from a related party	—	16,078
Leasing related		
Interest expense on lease liabilities to related parties	398	638
Guarantee related		
Guarantee fees to related parties	1,083	981
Others		
Service fees to related parties	3,444	2,802
Office expense to related parties	188	—
Other income from related parties	10	—

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

21. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(d) The balances of transactions with related parties:

	June 30, 2024 RMB' 000	December 31, 2023 RMB'000
Leasing related		
Payable lease liabilities to related parties	13,611	19,732
Lease prepayment to related parties	—	3,064
Guarantee related		
Balance of guarantees from related parties	688,749	647,110
Others		
Deposits for rental	3,329	3,329
Payable service fees to related parties	1,849	3,548
Other payable to a related party	—	641
Other receivables from related parties	364	354

22. CONSOLIDATED STRUCTURED ENTITIES

In the course of its ordinary activities, the Group enters into asset securitisation transactions and transfers the loans and receivables to special purpose entities, which are structured entities created to provide opportunities for investors to invest in the loans and receivables. Where a structured entity conducts activities according to contractual arrangements, voting right is not a main factor to consider in assessing whether the Group controls the structured entity. The Group obtains control over a structured entity when it involves itself in the entity's operations and is exposed to variable returns from such involvement, and when it has the ability to affect those returns through its power over the structured entity. In this case, the Group includes the structured entities in its consolidation scope.

As at June 30, 2024, the number of consolidated structured entities of the Group was ten (December 31, 2023: nine). As at June 30, 2024, the total assets of the consolidated structured entities amounted to RMB2,227.5 million (December 31, 2023: RMB2,418.9 million).

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

22. CONSOLIDATED STRUCTURED ENTITIES (continued)

(a) Name of consolidated structured entities

Name of the entities

CITIC Capital – Zhongguancun Science and Technology Leasing 2022 Phase I
Intellectual Property Asset Backed Special Programme (Specialised)
中信建投－中關村科技租賃2022年第一期知識產權資產支持專項計劃(專精特新)

CITIC Capital – Zhongguancun Science and Technology Leasing 2022 Phase II
Intellectual Property Asset Backed Special Programme (Specialised)
中信建投－中關村科技租賃2022年第二期知識產權資產支持專項計劃(專精特新)

CITIC Guotai Junan – Zhongguancun Technology Leasing 2022 Phase I Asset
Backed Special Programme
建投國君－中關村科技租賃2022年第一期資產支持專項計劃

Zhongguancun Science and Technology Leasing Corporation Limited 2022 Phase I
Directed Asset Backed Notes
中關村科技租賃股份有限公司2022年度第一期定向資產支持票據

Guangdong Foshan Shunde-Zhongguancun Science and Technology Leasing 2023
Phase I Intellectual Property Asset Backed Special Programme (Speciality and
Specialty)
廣東佛山順德－中關村科技租賃2023年第一期知識產權資產支持專項計劃(專
精特新)

CITIC Guotai Junan – Zhongguancun Science and Technology Leasing 2023 Phase
I Asset Backed Special Programme
建投國君－中關村科技租賃2023年第一期資產支持專項計劃

Zhongguancun Science and Technology Leasing Corporation Limited 2023 Phase I
Directed Asset Backed Notes Trust
中關村科技租賃股份有限公司2023年度第一期定向資產支持票據信託

CITIC Capital – Zhongguancun Science and Technology Leasing Phase I Asset
Backed Special Plan
中信建投－中關村科技租賃一期資產支持專項計劃

Zhongguancun Science and Technology Leasing Company Limited 2024 Phase I
Directed Asset Backed Notes
中關村科技租賃股份有限公司2024年度第一期定向資產支持票據

CITIC Capital-Zhongguancun Science and Technology Leasing Phase II Asset
Backed Special Programme
中信建投－中關村科技租賃二期資產支持專項計劃

Notes to the Condensed Consolidated Financial Statements

For the six months ended June 30, 2024
(Expressed in RMB unless otherwise indicated)

23. SHARE-BASED PAYMENT ARRANGEMENTS

On 23 December 2020, the Group granted 12,670,000 units of share appreciation rights (“**SARs**”) to employees that entitle them to a cash payment if certain non-market performance conditions are met. The SARs expire at the end of a five-year period after grant date. The amount of the cash payment is determined based on the increase from the par value to the share price on the exercise date of the Company’s H share. The share-based payment arrangement invalidated at December 31, 2023 because those certain non-market performance conditions were not met.

Definitions

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

“Articles” or “Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“Beijing SCOMC”	Beijing State-owned Capital Operation and Management Company Limited (北京國有資本運營管理有限公司), a company incorporated under the laws of the PRC with limited liability on December 30, 2008 and also one of the Controlling Shareholders
“Board”	the board of Directors
“Board Committees”	collectively, Audit Committee, Remuneration Committee, Nomination Committee, Risk Control Committee and Environmental, Social and Governance Committee
“Board of Supervisors”	the board of supervisors of the Company
“CG Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“Chaoyang SCOMC”	Beijing Chaoyang State Owned Capital Operation and Management Limited (北京市朝陽國有資本運營管理有限公司), a state-owned enterprise established under the laws of the PRC on May 27, 2009 and also a substantial shareholder of the Company
“China” or “PRC”	the People's Republic of China, which for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “Group” or “we”	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability on August 16, 2019, or its predecessor

Definitions

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Beijing SCOMC, ZGC Group and ZGC Finance
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary shares issued by the Company, with a nominal value of RMB1.00, which are subscribed for or credited as paid in RMB
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	January 21, 2020, on which the H Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Nanshan Capital”	Nanshan Group Capital Investment Co., Ltd. (南山集團資本投資有限公司), a company incorporated under the laws of the PRC with limited liability on November 18, 2011 and also a shareholder of H Shares
“Nomination Committee”	the nomination committee of the Company
“Remuneration Committee”	the remuneration committee of the Company

Definitions

“Reporting Period”	the period from January 1, 2024 to June 30, 2024
“Risk Control Committee”	the risk control committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of RMB1.00 each in capital of the Company, comprising the Domestic Shares and the H Shares
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“treasury share(s)”	has the meaning ascribed to it under the Listing Rules
“Wangjing Development”	Beijing Chaoyang District Wangjing Xinxing Industry Zone Comprehensive Development Company (北京望京新興產業區綜合開發有限公司), a company incorporated under the laws of the PRC with limited liability on July 11, 1994, which is wholly owned by Chaoyang SCOMC and also a shareholder of Domestic Shares
“ZGC Finance”	Beijing Zhongguancun Finance Group Co., Ltd. (北京中關村科技創業金融服務集團有限公司), a company incorporated under the laws of the PRC with limited liability on February 24, 2009 and also one of the Controlling Shareholders
“ZGC Group”	Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司), a company incorporated under the laws of the PRC with limited liability on March 31, 2010 and also one of the Controlling Shareholders
“%”	per cent