Baiying Holdings Group Limited
百應控股集團有限公司

Annual Report 2020

(Incorporated in the Cayman Islands with limited liability)
Stock code: 8525

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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Corporate Information

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan *(Chairman)*
Mr. Chen Xinwei
Mr. Huang Dake

Non-executive Director

Mr. Ke Jinding

Independent Non-executive Directors

Mr. Chen Chaolin
Mr. Tu Liandong
Mr. Xie Mianbi

AUDIT COMMITTEE

Mr. Tu Liandong *(Chairman)*
Mr. Chen Chaolin
Mr. Ke Jinding

REMUNERATION COMMITTEE

Mr. Chen Chaolin *(Chairman)*
Mr. Xie Mianbi
Mr. Huang Dake

NOMINATION COMMITTEE

Mr. Zhou Shiyuan *(Chairman)*
Mr. Tu Liandong
Mr. Xie Mianbi

JOINT COMPANY SECRETARIES

Mr. Deng Huaxin
Ms. Ng Ka Man *(ACG, ACS)*

AUTHORISED REPRESENTATIVES

Mr. Huang Dake
Ms. Ng Ka Man

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTER/PRINCIPAL PLACE OF BUSINESS IN THE PRC

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No. 77, Tai Nan Road
Siming District, Xiamen
Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Times Square
1 Matheson Street
Causeway Bay
Hong Kong

COMPANY WEBSITE

www.byleasing.com

STOCK CODE

8525

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

LEGAL ADVISERS TO THE COMPANY

Akin Gump Strauss Hauer & Feld
(as to Hong Kong laws)
Beijing Yingke Law Firm (Xiamen) Office
(as to PRC laws)

COMPLIANCE ADVISER

Changjiang Corporate Finance (HK) Limited

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China (Dongdu Branch)
No. 77 Dongdu Road
Siming District, Xiamen
Fujian Province
PRC

China Everbright Bank (Xiamen Branch)
China Everbright Bank Building
No. 81 Hubin South Road
Siming District, Xiamen
Fujian Province
PRC

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

Financial Summary

The following is a summary of the results of our Group for each of the years ended 31 December 2016, 2017, 2018, 2019 and 2020 and the assets and liabilities of our Group as of 31 December 2016, 2017, 2018, 2019 and 2020.

RESULTS

	Year ended 31 December				
	2016 *RMB'000*	2017 *RMB'000*	2018[2] *RMB'000*	2019[1] *RMB'000*	**2020** ***RMB'000***
Revenue	39,940	60,808	78,967	54,553	**32,078**
Profit before tax	18,788	27,408	31,807	25,973	**9,950**
Income tax expense	(3,826)	(6,719)	(8,626)	(6,815)	**(3,622)**
Profit for the year	14,962	20,689	23,181	19,158	**6,328**
ASSETS AND LIABILITIES					
Total assets	621,899	657,783	519,297	441,143	**396,229**
Total liabilities	461,425	475,311	248,992	156,884	**105,319**
Net assets	160,474	182,472	270,305	284,259	**290,910**

Notes:

(1) As a result of the adoption of HKFRS 16, Leases, with effect from 1 January 2019, our Group has changed its accounting policies in respect of the lessee accounting model. In accordance with the transitional provisions of the standard, the changes in accounting policies were adopted by way of opening balance adjustments to recognise right-of-use assets and lease liabilities as at 1 January 2019. After initial recognition of these assets and liabilities, our Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Figures in years earlier than 2019 are stated in accordance with the policies applicable in those years.

(2) Our Group adopted HKFRS 9, Financial instruments, including the amendments to HKFRS 9, from 1 January 2018. As a result, our Group changed its accounting policies in relation to financial instruments. As allowed by HKFRS 9, our Group did not restate information relating to prior years. Differences in the carrying amounts of the financial assets resulting from the adoption of HKFRS 9 were recognized in retained earnings and reserves at 1 January 2018. There was no difference in the carrying amounts of the financial liabilities. Figures in years earlier than 2018 are stated in accordance with the policies applicable in those years.

The summary of assets and liabilities of our Group as of 31 December 2016 and 2017 and the summary of the results of our Group for the years ended 31 December 2016 and 2017 have been extracted from the Prospectus.

Chairman's Statement

Dear Shareholders,

In 2020, the outbreak of COVID-19 pandemic resulting in the rising operating and financing costs for SMEs, and the impact of various industries, we have gone through a hasty and hard year.

Our Group is primarily engaged in the provision of equipment-based financing solutions, commercial factoring and advisory services to SMEs and individual entrepreneurs, and provision of financing support for the real economy and the support of the rapid development of SMEs. As an upstream company, due to the impact of the pandemic, the capital needs of some of our potential customers have been reduced, while operational risks have been increased, and production and operation conditions have been restricted, resulting in a decrease in business volume and a decline in revenue. After a temporary adaptation and adjustment, we decided to put risk first, and make an investment after fully inspecting the customers' qualifications and operating status, and make various proactive treasury policy to manage our capital. In addition, we paid more attention to post-rental management and follow-up of risk projects, and had achieved good payback results under limited conditions, and finally turned around in the third quarter.

In terms of corporate governance, we have continuously improved and strengthened management under the guidance of the Stock Exchange and the supervision of the Board. We have actively communicated with all parties whether in daily business or regular reports, and adjusted and learned from all aspects, thus promoting an in-depth understanding and practice of the compliance concept for all of us, and making the Company's business more standardized.

In order to diversify our business, we established Qiaoxin, a table vinegar manufacturer, in April 2020 to invest in the real economy while developing our finance leasing business. After more than half a year of preparation and construction, Qiaoxin will also put into production and operation as soon as possible to inject new vitality into the development of our Group.

Looking forward to 2021, although the global epidemic development trend is not clear, due to the great success of the fight against the pandemic, our country's economy is expected to continue to show a strong recovery trend. In conjunction with the government's fiscal and monetary policies, it will continue to drive China's economy from a structural recovery to a comprehensive recovery in the linkage of supply and demand. We will also seize all opportunities, give full play to our advantages, and expand new industries in leasing. We will deepen advantageous projects, launch high-quality products in the edible vinegar industry, cultivate brand audiences, and make various efforts to create better performance and bring better returns to Shareholders.

Baiying Holdings Group Limited
Zhou Shiyuan
Chairman and Executive Director

25 March 2021

Management Discussion and Analysis

Industry Overview

China's finance leasing industry has experienced a rapid growth since 2012. Along with the industrial reform and equipment upgrade in China, the steady growth of China's fixed-asset investment volume creates a greater potential for the development of the finance leasing industry. Fujian Province has become one of the fastest developing provinces for the finance leasing industry in China. In 2016, the Opinions on Promoting the Development of the Finance Leasing Industry (關於促進融資租賃業發展的意見) has implemented effective measures on taxation and environment for development to support the finance leasing industry in Fujian Province. A series of favorable policies issued by the government of Fujian Province encouraged the development of the finance leasing industry in Fujian Province in recent years.

Business Overview

We are a finance leasing company in Fujian Province dedicated to providing equipment-based financing solutions to our customers. We provide customized services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and source of payment. Our customers are mainly SMEs and entrepreneurial individuals, and also include reputable large enterprises. While our Group keeps developing the finance leasing business and factoring business, on 23 April 2020, we established Qiaoxin, a vinegar manufactory in the PRC to diversify our business. This new business will not affect our principal business. As of 31 December 2020, Qiaoxin has not yet put into production.

On 19 June 2020, subsequent to the passing of the special resolution approving the change of Company name by the shareholders of the Company at the extraordinary general meeting (the "**EGM**") and the issuance of the certificate of incorporation on change of name by the Registrar of Companies in the Cayman Islands, the change of Company name became effective. For more details, please refer to (i) the announcement of the Company dated 12 May 2020 and the circular of the Company dated 3 June 2020 in relation to the change of Company name and the amendments to the memorandum and articles of association; (ii) the poll results of the EGM dated 19 June 2020; and (iii) the announcement of the Company dated 3 August 2020 in relation to the change of Company name, short name of stock and amendments to the memorandum and articles of association.

We served 227 customers located in 22 provinces in China for the year ended 31 December 2020. Our revenue decreased from RMB54.6 million for the year ended 31 December 2019 to RMB32.1 million for the year ended 31 December 2020. Our profit decreased from RMB19.2 million for the year ended 31 December 2019 to RMB6.3 million for the year ended 31 December 2020. We will continue to enhance our finance leasing business and take the opportunity of the upgrade and replacement of the manufacturing equipment to promote our operational quality and business growth by promoting the direct lease business, sale-leaseback business and factoring services. We also plan to strengthen our sales and marketing abilities in major cities of the Yangtze River Delta and the Pearl River Delta.

Finance Leasing Services

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Direct finance leasing is mainly used to satisfy the need of our customers to commence new projects, expand production, make advancements in technology and have finance demands to purchase new equipment. Sale-leaseback is primarily used by our customers to fund their business operations. Through sale-leaseback, our customers sell the assets, of which they have the ownership, to us to finance their working capital and then we lease the sold assets back. For the year ended 31 December 2020, our revenue from finance leasing services was RMB28.9 million, accounting for 90.2% of our total revenue.

The following table sets forth average monthly balance of the interest-generating receivables arising from finance leasing services and the range of corresponding effective interest rate for the years indicated:

	For the year ended 31 December	
	2020	2019
Average monthly balance of interest-generating receivables arising from finance leasing services (RMB'000)		
– Direct finance leasing	**20,882**	53,102
– Sale-leaseback	**185,998**	306,735
Range of interest rate per annum		
– Direct finance leasing	**11.0% to 20.9%**	11.1% to 20.1%
– Sale-leaseback	**11.0% to 20.8%**	11.0% to 22.8%

The following tables set forth the credit quality analysis of our finance lease receivables as of the date indicated:

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Neither overdue nor credit-impaired	**25,938**	97,826
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**3,420**	3,940
– Overdue 30 to 90 days (inclusive)	**–**	509
– Overdue above 90 days	**–**	–
Overdue and credit-impaired	**101,547**	108,334
Net amount of finance lease receivables	**130,905**	210,609
Allowances for impairment losses	**(26,002)**	(26,310)
Carrying amount of finance lease receivables	**104,903**	184,299

Our net amount of finance lease receivables classified as overdue and credit-impaired decreased from RMB108.3 million as of 31 December 2019 to RMB101.5 million as of 31 December 2020 because of the increase in the net amount of finance lease receivables of an additional default agreement of RMB6.8 million and the collection of net amount of finance lease receivables of RMB13.8 million.

The following table sets forth the credit quality analysis of receivables from sale-leaseback transactions as of the dates indicated:

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Neither overdue nor credit-impaired	**127,831**	108,135
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**–**	–
– Overdue 30 to 90 days (inclusive)	**41,312**	14,907
– Overdue above 90 days	**–**	–
Overdue and credit-impaired	**9,288**	–
Allowances for impairment losses	**(11,651)**	(4,697)
Carrying amount of receivables from sale-leaseback transaction	**166,780**	118,345

Our receivables from sale-leaseback transaction classified as overdue and credit-impaired increased because two agreements were overdue for more than 90 days.

The allowances for impairment losses of finance lease receivables and receivables from sale-leaseback transaction were provided on expected credit loss model. The following tables set forth our loss allowance as of the dates indicated:

	As of 31 December 2020			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Net amount of finance lease receivables	**29,358**	**–**	**101,547**	**130,905**
Allowances for impairment losses	**(625)**	**–**	**(25,377)**	**(26,002)**
Carrying amount of finance lease receivables	**28,733**	**–**	**76,170**	**104,903**
Receivables from sale-leaseback transaction	**127,831**	**41,312**	**9,288**	**178,431**
Allowances for impairment losses	**(2,663)**	**(4,092)**	**(4,896)**	**(11,651)**
Carrying amount of receivables from sale-leaseback transaction	**125,168**	**37,220**	**4,392**	**166,780**

	As of 31 December 2019			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Net amount of finance lease receivables	91,870	10,405	108,334	210,609
Allowances for impairment losses	(3,392)	(685)	(22,233)	(26,310)
Carrying amount of finance lease receivables	88,478	9,720	86,101	184,299
Receivables from sale-leaseback transaction	108,135	14,907	–	123,042
Allowances for impairment losses	(2,723)	(1,974)	–	(4,697)
Carrying amount of receivables from sale-leaseback transaction	105,412	12,933	–	118,345

Factoring Services

In addition to finance leasing services, we also provided factoring services to our customers. Factoring service is primarily used by our customers who need working capital to fund their business operations. Shanghai Baiying, a company established in Shanghai, the PRC, lays a foundation for the development of our factoring services and expansion in the Yangtze River Delta Region.

For the year ended 31 December 2020, our revenue from factoring services was RMB2.4 million, accounting for 7.4% of our total revenue.

The following table sets forth the average monthly balance of our factoring services and the range of corresponding interest rate for the years indicated:

	For the year ended 31 December	
	2020	2019
Average monthly balance of factoring receivables *(RMB'000)*	**20,667**	3,950
Range of interest rate	**10.0% to 15.6%**	10.0% to 15.6%

The following tables set forth our loss allowance as of the dates indicated:

	As of 31 December 2020			
	12-month ECL *RMB'000*	**Lifetime ECL not credit-impaired** *RMB'000*	**Lifetime ECL credit-impaired** *RMB'000*	**Total** *RMB'000*
Factoring receivables	**7,753**	**–**	**–**	**7,753**
Allowances for impairment losses	**(216)**	**–**	**–**	**(216)**
Carrying amount of factoring receivables	**7,537**	**–**	**–**	**7,537**

	As of 31 December 2019			
	12-month ECL *RMB'000*	Lifetime ECL not credit-impaired *RMB'000*	Lifetime ECL credit-impaired *RMB'000*	Total *RMB'000*
Factoring receivables	31,838	–	–	31,838
Allowances for impairment losses	(491)	–	–	(491)
Carrying amount of factoring receivables	31,347	–	–	31,347

Advisory Services

Leveraging our experience in arranging finance leases for our customers, we also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. For the year ended 31 December 2020, our revenue from advisory services was RMB0.8 million, accounting for 2.4% of our total revenue. Such revenue came from one advisory service agreement, which we entered into with one of our customers, involving a construction project, with a total investment of approximately RMB1,142 million. We charged 1% of the project progress payment which our customer received for our advisory services.

Lease Portfolio

Lease Portfolio by Industry

The following table sets forth our net amount of receivables arising from finance leasing services by industry as of the dates indicated:

	As of 31 December			
	2020		2019	
	RMB'000	%	*RMB'000*	%
Manufacturing	**99,495**	**32.2**	124,934	37.4
Wholesale and retail	**59,961**	**19.4**	63,066	18.9
Construction	**49,939**	**16.1**	54,408	16.3
Real estate	**40,504**	**13.1**	–	–
Services(1)	**33,485**	**10.8**	65,133	19.6
Transportation, storage and postal	**16,083**	**5.2**	23,466	7.0
Others(2)	**9,869**	**3.2**	2,643	0.8
Net amount of receivables arising from finance leasing services	**309,336**	**100**	333,650	100

Notes:

(1) Include equipment leasing, commercial services, software and information technology services, catering services and science and technology services.

(2) Include water, environment, public facilities management and mining.

Lease Portfolio by Exposure Size

We primarily offered equipment-based finance leases, the terms of which generally ranged from 12 to 36 months, and the size of which generally ranged from RMB0.1 million to RMB40.0 million. The following table sets forth net amount of our receivables arising from finance leasing services by exposure size as of the dates indicated:

	As of 31 December			
	2020		2019	
	RMB'000	%	*RMB'000*	%
Up to RMB1.0 million	**22,041**	**7.1**	9,847	3.0
Over RMB1.0 million to RMB3.0 million (inclusive)	**27,824**	**9.0**	38,364	11.5
Over RMB3.0 million to RMB5.0 million (inclusive)	**34,806**	**11.3**	39,043	11.7
Over RMB5.0 million to RMB30.0 million (inclusive)	**191,951**	**62.1**	213,838	64.0
Over RMB30.0 million(1)	**32,714**	**10.5**	32,558	9.8
Net amount of receivables arising from finance leasing services	**309,336**	**100**	333,650	100

Note:

(1) The net amount of receivables arising from finance leasing services over RMB30.0 million as of 31 December 2019 and 2020 related to one finance leasing agreement as of each year.

Lease Portfolio by Security

The following table sets forth net amount of our receivables arising from finance leasing services by security as of the dates indicated:

	As of 31 December			
	2020		2019	
	RMB'000	**%**	*RMB'000*	*%*
Guaranteed leases	**106,818**	**34.5**	130,359	39.1
Supplier-backed leases	**17,744**	**5.8**	11,813	3.5
Collateral-backed leases with guarantee	**182,848**	**59.1**	189,460	56.8
Collateral-backed leases with guaranteed and supplier-backed	**1,236**	**0.4**	2,018	0.6
Guaranteed and supplier-backed leases	**690**	**0.2**	–	–
Net amount of receivables arising from finance leasing services	**309,336**	**100**	333,650	100

Compliance with Key Regulatory Requirements

The following table summarizes the key statutory capital requirements and lending restrictions applicable to us and our compliance status for the year ended 31 December 2020:

Key requirements	**Compliance status**
A foreign-funded finance leasing company shall not provide in any form of direct or indirect financing for local governments' financing platform companies that undertake public welfare duties.	Our Group complied with such requirement for the year ended 31 December 2020.
The total assets of the foreign investor(s) of a foreign-funded finance leasing company shall not be less than US$5 million and the foreign investor(s) shall not be in insolvency and ordinarily shall have been existed more than one year.	Our Group complied with such requirement for the year ended 31 December 2020.
The registered capital of a foreign-funded finance leasing company shall not be less than US$10 million and the proportion of the foreign investment shall not be lower than 25%.	Our Group complied with such requirement for the year ended 31 December 2020.
A foreign-funded finance leasing company shall have professional staff. Its senior management team shall have professional qualifications and no less than three years of experience in the relevant industries.	Our Group complied with such requirement for the year ended 31 December 2020.
The term of operation of a foreign-funded finance leasing company shall generally not exceed 30 years.	Our Group complied with such requirement for the year ended 31 December 2020.
A foreign-funded finance leasing company shall contain the words "finance leasing" (融資租賃) in its corporate name and shall not contain the words "financial lease" (金融租賃) in its corporate name or its business scope.	Our Group complied with such requirement for the year ended 31 December 2020.
A finance leasing company can conduct guarantee business only in relation with its leasing transactions, but shall not contain the word "guarantee" in its corporate name and shall not take guarantee business as its main business.	Our Group complied with such requirement for the year ended 31 December 2020.

Key requirements	Compliance status
A finance leasing company shall not engage in deposit taking (吸收存款), lending (發放貸款), entrusted lending (受託發放貸款), and without the approval of the competent authority, shall not engage in inter-bank borrowing and is prohibited from carrying out illegal fund-raising activities under the disguise of finance leasing in any circumstances.	Our Group complied with such requirement for the year ended 31 December 2020.
As a general practice and according to the Measures for the Administration of Entrusted Loans of Commercial Banks (商業銀行委託貸款管理辦法) and General Rules for Loans (貸款通則), a company is allowed to entrust a commercial bank to provide loans to a third party.	
A finance leasing company shall not accept any property to which a lessee has no disposal rights or on which any mortgage has been created, or which has been sealed or seized by any judicial organs, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction.	Our Group complied with such applicable requirement for the year ended 31 December 2020.
Risk assets of a finance leasing company shall not exceed eight times of its total net assets. The portion of assets under finance leasing and other leasing of a finance leasing company shall not be less than 60% of its total assets. The fix-income securities investment business carried out by a finance leasing company shall not exceed 20% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with a single lessee or a single related party shall not exceed 30% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with all related parties shall not exceed 50% of its net assets. The balance of financing with a single shareholder and its related parties shall not exceed the shareholder's capital contribution to the financial leasing company and the aggregate balance of the financial leasing businesses conducted by the financial leasing company with such shareholder shall not exceed 30% of its net assets.	Our Group complied with such requirement for the year ended 31 December 2020.

Financial Overview

Results of Operations

Revenue

Our revenue consists of interest income and advisory fee income. During the Reporting Period, our interest income consisted of interests in installments and one-time management fees received from our finance leasing and factoring services, and our advisory fee income represented the advisory fees received from our value-added advisory services. The following table sets forth our revenue by service type for the years indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest Income:		
Finance leasing services		
– Direct finance leasing	**2,315**	8,567
– Sale-leaseback	**26,616**	43,925
Factoring services	**2,371**	195
Advisory Fee Income:		
Advisory services	**776**	1,866
Total	**32,078**	54,553

Our revenue decreased from RMB54.6 million for the year ended 31 December 2019 to RMB32.1 million for the year ended 31 December 2020 mainly due to (i) a decrease in our finance leasing business; and (ii) a decrease in the advisory fee income from an advisory service agreement as a result of the collection of most of the fees under this agreement in the past.

Other Net Income

Our other net income mainly consists of interest income from loan to related parties, interest income from deposits with financial institutions, net realised and unrealised profit/(losses) on financial assets at fair value through profit or loss, investment income from wealth management products and government grants.

Our other net income increased from RMB2.9 million for the year ended 31 December 2019 to RMB5.1 million for the year ended 31 December 2020 primarily due to the increase in net realised and unrealised profit/(losses) on financial assets at fair value through profit or loss of RMB2.0 million.

Interest Expense

Interest expenses mainly consist of interest expenses on our interest-bearing borrowings and imputed interest expense on interest-free guaranteed deposits from lessees. We incur interest expenses on borrowings which are principally used to fund our finance leasing business.

Our interest expenses decreased from RMB11.7 million for the year ended 31 December 2019 to RMB6.7 million for the year ended 31 December 2020 mainly due to the decrease in average monthly balance of loans.

Operating Expenses

Our operating expenses primarily consist of staff cost, legal expenses, depreciation, consulting expenses, amortization and auditor's remuneration. The table below sets forth the components of our operating expenses by nature for the years indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Staff cost	**5,173**	5,813
Legal expenses	**945**	682
Business travel and transportation expenses	**454**	559
Amortisation cost of intangible assets	**90**	73
Depreciation charge		
– owned property, plant and equipment	**180**	153
– right-of-use assets	**869**	880
Auditor's remuneration		
– audit services	**660**	660
– other services	**400**	585
Property management expenses	**272**	234
Consulting expenses	**1,887**	–
Sundry expenses	**3,077**	3,295
Total operating expenses	**14,007**	12,934

Our operating expenses increased from RMB12.9 million for the year ended 31 December 2019 to RMB14.0 million for the year ended 31 December 2020 mainly due to the combined effect of (i) the consulting expenses of RMB1.9 million for the establishment of Qiaoxin; and (ii) the decrease in staff cost of RMB0.6 million.

Impairment Losses Charged

Our impairment losses charged mainly include impairment losses charged on finance lease receivables and loans and receivables. The table below sets forth our total impairment losses charged by asset type for the years indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance lease receivables	**(386)**	1,629
Trade and other receivables	**199**	46
Loans and receivables	**6,680**	5,188
Total impairment losses charged	**6,493**	6,863

Our impairment losses charged slightly decreased primarily due to the combined effect of (i) three additional default agreements; and (ii) the decrease in finance leasing business.

Income Tax Expense

Our income tax expense decreased from RMB6.8 million for the year ended 31 December 2019 to RMB3.6 million for the year ended 31 December 2020 primarily because of the decrease in our revenue.

The Directors confirm that we have paid all relevant taxes and are not subject to any dispute or unresolved tax issues with the relevant tax authorities in the PRC.

Profit for the Year

Our profit decreased from RMB19.2 million for the year ended 31 December 2019 to RMB6.3 million for the year ended 31 December 2020 mainly because of the decrease in our revenue. Our net profit margin decreased from 35.1% to 19.7% during the same period.

Liquidity and Capital Resources

We primarily funded our operations and expansions through our shareholders' equity, interest-bearing borrowings, net proceeds from the share offer and cash flows from our operations. Our liquidity and capital requirements primarily relate to our finance leasing and factoring businesses and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while maintaining a healthy level of business scale and expansion.

Cash Flows

The following table sets forth a selected summary of our cash flow statement for the years indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash and cash equivalents at beginning of the year	**71,299**	98,602
Net cash flows generated from operating activities	**42,544**	89,665
Net cash flows used in investing activities	**(45,111)**	(22,238)
Net cash flows used in financing activities	**(42,809)**	(94,515)
Net decrease in cash and cash equivalents	**(45,376)**	(27,088)
Effect of foreign exchange rate changes	**322**	(215)
Cash and cash equivalents at end of the year	**26,245**	71,299

Net cash flows generated from operating activities

For the year ended 31 December 2020, we had net cash generated from operating activities of RMB42.5 million, primarily as a result of operating profit before changes in working capital of RMB17.2 million and the positive effect of the changes in working capital, which consisted of: (i) the increase in cash of RMB79.8 million as a result of the decrease in our direct finance leasing business; and (ii) the decrease in cash of RMB31.3 million as a result of the increase in the factoring business and sale-leaseback transactions.

Net cash flows used in investing activities

For the year ended 31 December 2020, our net cash used in investing activities was RMB45.1 million. Our net cash inflow used in investing activities mainly consisted of: (i) the payments for acquisition of investments of RMB526.6 million; (ii) the payment for purchase of property and equipment of RMB21.6 million; and (iii) the advances to related parties provided by us of RMB39.1 million, offset by (i) the proceeds from disposal and redemption of investments of RMB501.8 million; and (ii) the repayment from related parties of RMB40.1 million.

Net cash flows used in financing activities
Our cash flows used in financing activities mainly consist of repayment of borrowings, payment of interest on borrowing and payment of other interest.

For the year ended 31 December 2020, our net cash flows used in financing activities was RMB42.8 million. Our net cash flows used in financing activities consisted of: (i) the repayment of bank borrowings of RMB140.0 million; (ii) the repayment to a related party of RMB2.0 million; and (iii) the interest payment of RMB3.6 million, partially offset by the increase of bank borrowings of RMB102.0 million and advances from a related party of RMB1.7 million.

Selected Items of the Consolidated Statements of Financial Position

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Non-current assets		
Finance lease receivables	**5,577**	33,240
Loans and receivables	**62,673**	74,445
Trade and other receivables	**68**	291
Property and equipment	**22,336**	1,742
Intangible assets	**528**	619
Deferred tax assets	**8,403**	7,471
Total non-current assets	**99,585**	117,808
Current assets		
Finance lease receivables	**99,327**	151,059
Cash and cash equivalents	**26,245**	71,299
Trade and other receivables	**6,110**	1,717
Loans and receivables	**111,644**	75,247
Pledged and restricted deposits	**1,743**	–
Financial assets at fair value through profit or loss	**51,575**	24,013
Total current assets	**296,644**	323,335
Current liabilities		
Borrowings	**44,807**	82,734
Trade and other liabilities	**32,887**	33,246
Income tax payable	**4,273**	7,483
Lease liabilities	**356**	901
Total current liabilities	**82,323**	124,364
Net current assets	**214,321**	198,971
Non-current liabilities		
Trade and other liabilities	**22,346**	32,182
Lease liabilities	**–**	338
Deferred tax liabilities	**650**	–
Total non-current liabilities	**22,996**	32,520
Net assets	**290,910**	284,259

Our total current assets decreased from RMB323.3 million as of 31 December 2019 to RMB296.6 million as of 31 December 2020 primarily due to (i) the decrease in factoring receivables of RMB23.8 million; and (ii) the decrease in the cash and cash equivalents of RMB45.1 million. Such decreases are partially offset by (i) the increase in the carrying amount of receivables arising finance leasing services of RMB8.5 million; (ii) the increase in financial assets at fair value through profit or loss of RMB27.6 million; and (iii) the increase in trade and other receivables of RMB4.4 million.

Our total current liabilities decreased from RMB124.4 million as of 31 December 2019 to RMB82.3 million as of 31 December 2020 primarily due to the decrease in bank borrowings of RMB37.9 million.

Our net assets increased from RMB284.3 million as of 31 December 2019 to RMB290.9 million as of 31 December 2020 mainly due to the decrease in our total current liabilities.

Finance Lease Receivables

The net amount of our finance lease receivables significantly decreased from RMB210.6 million as of 31 December 2019 to RMB130.9 million as of 31 December 2020 mainly because of the decrease in our direct finance leasing business. For the year ended 31 December 2020, all of our finance lease receivables were charged by fixed interest rates.

Loans and Receivables

Our loans and receivables mainly consist of our sale-leaseback transactions and factoring transactions. We recorded loans and receivables of RMB174.3 million for the year ended 31 December 2020 mainly consist of (i) the receivables from sale-leaseback transactions of RMB166.8 million; and (ii) the factoring transaction of RMB7.5 million.

Cash and Cash Equivalents

Cash and cash equivalents consist of deposits with banks. Our cash and cash equivalents decreased from RMB71.3 million as of 31 December 2019 to RMB26.2 million as of 31 December 2020.

Trade and Other Liabilities

Our trade and other liabilities mainly include guaranteed deposits from lessees, notes payable, VAT payable, and other payables. The following table sets forth our trade and other liabilities as of the dates indicated:

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Guaranteed deposits from lessees	**27,616**	42,676
VAT payable and other tax payable	**10,984**	15,234
Accounts payable	**481**	2,590
Accrued staff costs	**1,803**	1,863
Receipts in advance	**134**	134
Accrued liabilities	**805**	881
Interest payable	**–**	231
Notes payables	**8,716**	–
Other payables	**4,694**	1,819
Total trade and other liabilities	**55,233**	65,428

Our trade and other liabilities decreased from RMB65.4 million as of 31 December 2019 to RMB55.2 million as of 31 December 2020. The decrease is mainly due to the combined effect of (i) the decrease in our finance leasing business resulting in a decrease in guaranteed deposits from lessees of RMB15.1 million and VAT payable and other tax payable of RMB4.3 million; (ii) the decrease in accounts payable of RMB2.1 million; (iii) the increase in notes payable of RMB8.7 million; and (iv) the increase in other payables of RMB2.9 million.

Financial Assets at Fair Value through Profit or Loss

For the year ended 31 December 2020, our financial assets at fair value primarily consisted of wealth management products and listed securities.

We invest in wealth management products and listed securities with our laid-up capital, and the investment amount should match our capital structure in terms of scale and must not affect our ordinary business operations. All such financial assets, depending on their amounts and types, will be strictly reviewed and approved by our management at different levels. Our securities investment team conducts risk control and supervision over our investment to effectively manage the investment procedures. All these investment activities are subject to applicable laws and regulations. As of 31 December 2020, the balance of wealth management and listed securities were RMB39.7 million and RMB11.9 million, respectively.

Indebtedness

Interest-bearing bank borrowings

The following table sets forth our outstanding borrowings by security as of the dates indicated:

	As of 31 December	
	2020	2019
	RMB'000	*RMB'000*
Bank borrowings:		
– Guaranteed[(1)]	**44,807**	82,734
Total	**44,807**	82,734

Note:

(1) The borrowings was guaranteed by Septwolves Group Holding.

As of 31 December 2020, all of our bank borrowings were guaranteed by Septwolves Group Holding.

Contingent Liabilities

As of 31 December 2020, Xiamen Baiying has issued the performance bond in favor of Yongchun Quanyu Tourism Investment and Development Co., Ltd.* (永春縣全域旅遊投資開發有限責任公司) in the amount of RMB2,000,000 for guarantee of Qiaoxin's performance of its obligation of putting into production before 31 March 2021 under a property purchase contract.

Capital Expenditures

Our capital expenditures consist primarily of expenditures for the purchase of construction in progress and office equipment. The following table sets forth our capital expenditures for the years indicated:

	For the year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Capital expenditures	**21,644**	106

Capital Commitments

We did not have any significant capital commitment as of 31 December 2020.

Key Financial Ratios

The table below sets out our key financial ratios as of the dates or for the years indicated:

	As of/for the year ended 31 December	
	2020	2019
Return on equity[(1)]	**2.2%**	6.7%
Return on assets[(2)]	**1.6%**	4.3%
Net profit margin[(3)]	**19.7%**	35.1%
Debt to equity ratio[(4)]	**0.06x**	0.04x
Gearing ratio[(5)]	**0.15x**	0.3x
Net interest spread for finance leasing business[(6)]	**4.8%**	5.7%
Net interest spread for factoring business[(7)]	**11.4%**	11.2%
Net interest margin[(8)]	**10.8%**	9.9%

Notes:

(1) Return on equity represents profit for the year by total equity as of the end of such year.

(2) Return on assets represents profit for the year by total assets as of the end of such year.

(3) Net profit margin represents profit for the year divided by revenue for the relevant year.

(4) Debt to equity ratio represents total interest-bearing borrowings, less cash and cash equivalents, divided by total equity as of the end of such year.

(5) Gearing ratio represents total interest-bearing borrowings divided by total equity as of the end of such year.

(6) Net interest spread for finance leasing business represents the difference between the interest income yield for finance leasing business and the interest expenses yield for finance leasing business.

(7) We utilized our own capital for factoring services and did not incur interest expenses for factoring services during the year. Therefore, the net interest income equals to the interest income and the net interest spread equals to the interest income yield for factoring services.

(8) Net interest margin is calculated by dividing net interest income by average monthly balance of the receivables related to our finance leasing services and factoring services and multiplied by 100%.

The net profit margin shows the amount of the revenue that translates into profit. Our net profit margin decreased from 35.1% for the year ended 31 December 2019 to 19.7% for the year ended 31 December 2020 primarily because of the significant decrease in revenue.

The debt to equity ratio identifies companies' leverage and risk for investors. Our debt to equity ratio increased from 0.04 times as of 31 December 2019 to 0.06 times as of 31 December 2020, which is primarily attributable to an increase of RMB7.1 million in used bank borrowings.

The gearing ratio is a measure of financial leverage. Our gearing ratio decreased from 0.3 times as of year ended 31 December 2019 to 0.15 times as of 31 December 2020 due to (i) the increase in total equity; and (ii) the decrease of RMB37.9 million in bank borrowings.

The net interest margin indicates the efficiency of our funds invested in our finance leasing services and factoring services. Our net interest margin increased from 9.9% as of 31 December 2019 to 10.8% as of 31 December 2020 primarily because of the slight increase in the profitability of our factoring service.

Foreign Currency Exposure

Since our Group's business activities are solely operated in the PRC and denominated in RMB, the Directors consider that our Group's risk in foreign exchange is insignificant.

Off-balance Sheet Arrangements

As of the date of this report, we did not have any off-balance sheet arrangements.

MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

On 23 April 2020, our Group established Qiaoxin (a wholly-owned subsidiary with a registered capital of RMB50.0 million) which will be principally engaged in the vinegar and wine production and food and drink wholesale and retail business in the PRC. As of 31 December 2020, Qiaoxin has not yet put into production.

Save as disclosed above, we did not have any material investments, acquisition or disposal for the year ended 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND EXPECTED SOURCES OF FUNDING

Other than bank borrowings we obtained from commercial banks, we have no future plans for investments or external financing.

EMPLOYMENT AND EMOLUMENTS

As of the date of this report, our Group had 28 full time employees, who are all based in China. Our employees' remuneration was paid with reference to their individual responsibility and performance, as well as the actual practice of the Company. We have made contributions to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing funds for our employees. As of the date of this report, we had complied with all applicable PRC laws and regulations in all material aspects.

We invest in continuing education and training programs for our management and other employees with a view to constantly upgrading their skills and knowledge. We also arrange for internal and external professional training programs to develop our employees' skills and knowledge. These programs include further educational studies, fundamental economics and finance knowledge, skills training, and professional development courses for our management personnel. New employees are required to attend induction training courses to ensure that they are equipped with the necessary skills to perform their duties.

Due to the impact of COVID-19 pandemic, we started online staff training through the online platforms instead of on-site training. The Company has selected and shared some elite online courses which are related to our business with our staff for their self-development. All of these online courses are available to our employees at their own convenience. In addition, we provided the epidemic prevention materials and anti-epidemic information to our employees, and properly arranged their works and business travel according to the situation of the pandemic.

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE GEM LISTING RULES

As of 31 December 2020, our Group did not involve in any circumstances that would give rise to any disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

PROSPECTS

Looking forward, the Company, as a finance leasing company principally engaged in the provision of equipment-based financing solutions, commercial factoring services and advisory services to SMEs and entrepreneurial individuals, will pay continuous attention to the impact of the COVID-19 pandemic. Under the premise of the effective control of the pandemic in China, coupled with the overall economic recovery under the government's fiscal, monetary and other policies, the Company will, as always, adhere to the principle of prudent operation and risk priority. We will design business plans more flexibly to meet the needs of customers. While supporting customers in overcoming difficulties, our Company will continuously get an insight over the trends of the industries that our customers and potential customers set foot in, and strengthen our risk control to minimise the chance of being passively affected by the pandemic. The Company strives to develop new businesses in the industries supported and promoted by the government and enhance its cooperation with existing customers to satisfy their funding needs during the pandemic while accomplishing its own development goals. Close attention will be paid to the development of the pandemic, the policy orientation and the market conditions of target industries, so as to ensure that work will be organised in an orderly manner. In the meantime, the business team will be gradually expanded to bring new blood into the Company. It will facilitate its business expansion and keep strengthening its advantages in finance leasing business. Our Company will also expand our commercial factoring business to optimise the business structure and asset portfolio through a commercial factoring company established in China (Shanghai) Pilot Free Trade Zone. In addition, we plan to step into the fields of sale and supply chain of paper products in 2021. We will cooperate with high-quality partners and make use of their resource advantages and industry experience when exploring in the new fields. This business may bring us more customer resources.

We established Qiaoxin in Yongchun, Fujian Province on 23 April 2020, with a view to engaging in the production and sale of table vinegar in order to diversify our business. As a type of seasoning with a long history, table vinegar has a broad market and huge market potential in China. Yongchun aged vinegar, one of the four famous vinegar products in China, is made of distinct brewing process and has a unique flavour. It has its own advantages as a regional brand. However, due to geographical limitations, the awareness of Yongchun aged vinegar in China needs to be raised. In view of the low barriers in China's vinegar industry, low brand concentration and short industrialisation process, our Directors believe that investment in the production and sale of Yongchun aged vinegar as our new business can diversify our business and bring greater returns to our Shareholders. We also expect that the investment in Yongchun will boost the development of the local industries and support the local economy, thereby expanding our Group's awareness. It is expected that in 2021, we will gradually complete the construction of a factory, put it into production and launch vinegar products, as parts of our efforts to create a new brand called Qiaoxin and bring more profits for our Group.

BUSINESS OBJECTIVES SET OUT IN THE PROSPECTUS

In order to continue the rapid growth, our Group continued the following strategies adopted during the Reporting Period:

Business objectives during the Reporting Period	**Actual Business Progress during the Reporting Period**
Continue to grow our finance leasing business	We conducted 118 new finance leasing transactions with an aggregate amount of finance lease receivables of RMB121.0 million during the Reporting Period.

Business objectives during the Reporting Period	Actual Business Progress during the Reporting Period
Further enlarge our capital base and diversify our funding sources	We primarily funded our operations and expansions through our shareholders' equity, bank borrowings, net proceeds from the share offer and cash flows from our operations. We will enlarge our capital base and diversify our funding sources to meet our businesses expansion and working capital needs as and when needed. During the Reporting Period, we maintained a healthy level of business scale and expansion and did not conduct any fund-raising activities.
Expand our customer base in additional industries and sectors with growth potential and increase market penetration within our target industries through focused sales and marketing efforts	We maintained our customer base during the Reporting Period. We are constantly evaluating opportunities to extend our services to new industries and sectors with growth potential.
Expand our factoring services	We established a wholly-owned subsidiary in Shanghai, namely Shanghai Baiying to serve quality SMEs in the Yangtze River Delta Region.
Enhance our corporate governance and strengthen our risk management efforts and internal controls	Following the launch of our "Finance Leasing Service System", we have been able to operate our business by running through the workflow of case opening, customer review, transaction confirmation and post-transaction management using the system. This enhanced the level of our information management in the workflow and provided technical support for the standardization of our workflow, and this in turn further improved our internal control management. Due to the impact of COVID-19, we added COVID-19-related assessment on our customers and the industries in which they are engaged.

* *denotes English translation of the name of a Chinese company or entity, or vice versa, and is provided for identification purpose only*

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Zhou Shiyuan (周士淵) ("Mr. Zhou"), aged 32, is an executive Director and the chairman of the Board. Mr. Zhou is the son of Mr. Zhou Yongwei, one of our Controlling Shareholders. Mr. Zhou is responsible for our Group's strategic planning, overall operation and management of the Board, and provides strategic advice to the business and operation of our Group. He was appointed as a director of Xiamen Baiying in July 2016, and is currently the chairman and legal representative of Xiamen Baiying. Mr. Zhou was appointed as an chairman of the board of Quanzhou Qicheng Holding Co., Ltd.* (泉州啓誠控股股份有限公司) in January 2015 which was principally engaged in asset investment consulting and management, and is currently responsible for the overall operation and equity investment and management. Mr. Zhou has also been serving as a deputy general manager of Septwolves Group Holding since September 2012 and is currently responsible for strategic planning and executing operation and investment plan and decisions of Septwolves Group Holding. From July 2010 to August 2012, Mr. Zhou worked as an assistant to general manager of Hangho Land (Xiamen) Co., Ltd.* (恒禾置地(廈門)股份有限公司) which was principally engaged in real estate development and management, where he was responsible for cost control and procurement.

Mr. Zhou completed General English Language Course (advanced level) and graduated from Leicester College in October 2007. Mr. Zhou studied business and marketing at the Birmingham City Business School of Birmingham City University in the 2008/2009 academic session. Mr. Zhou was elected as a deputy to the 13th Fujian Provincial People's Congress in January 2018. In December 2019, Mr. Zhou was elected as the chairman of the World Jinjiang Friendship Council* (世界晉江聯誼會理事會) and awarded the Fujian Youth May Fourth Medal* (福建青年五四獎章). In August 2020, he was elected as the member of All-China Youth Federation (中華全國青年聯合會).

Mr. Chen Xinwei (陳欣慰) ("Mr. Chen"), aged 46, is an executive Director. Mr. Chen is responsible for advising on and supervising the implementation of strategic planning of our Group. Mr. Chen served as a chief executive officer of Septwolves Group Holding since March 2006. He is currently responsible for the overall operation. From July 2004 to February 2006, Mr. Chen served as a chief investment officer and the deputy general manager of Fujian Septwolves Group which was principally engaged in project investment and asset management. He was responsible for investment and financing business.

Mr. Chen obtained his bachelor's degree in mathematics and his master's degree in probability theory and mathematical statistics from Xiamen University in July 1998 and June 2001, respectively. Mr. Chen also obtained a doctor's degree in economics from Xiamen University in September 2006. In 2020, Mr. Chen won the title of "Talent of Siming District" in Xiamen.

Mr. Huang Dake (黃大柯) ("Mr. Huang"), aged 50, our executive Director and the general manager, is the principal founder of our Group and has served as a director and the general manager of Xiamen Baiying since its incorporation in March 2010. Mr. Huang is primarily responsible for supervising the overall management, day-to-day operations and marketing management of our Group. Prior to joining our Group, he served as a deputy general manager of Xiamen Hongxin Boge Finance Leasing Co., Ltd.* (廈門弘信博格融資租賃有限公司) which was principally engaged in finance leasing from July 2008 to August 2009. Mr. Huang was responsible for business development and management. Mr. Huang also worked as an associate professor of Huaqiao University (華僑大學) from July 2006 to April 2017, where he was responsible for research and education projects.

Mr. Huang obtained his bachelor's degree in meteorological dynamics from Lanzhou University (蘭州大學) and his master's degree in quantitative economics from Huaqiao University (華僑大學) in June 1993 and July 2000, respectively. Mr. Huang also obtained a doctor's degree in economics from Xiamen University (廈門大學) in September 2006. Mr. Huang served as the chairman of Gansu Chamber of Commerce (Fujian branch) (福建省甘肅商會) from March 2015 to June 2020 and has served as a secretary of the Communist Party of China (中國共產黨) in Gansu Chamber of Commerce (Fujian branch) since July 2020. Mr. Huang served as a vice chairman of Xiamen Local Finance Association* (廈門地方金融協會) since December 2018. Mr. Huang also served as a member of Leasing Business Committee of China Association of Enterprises with Foreign Investment (中國外商投資企業協會租賃工作委員會) since January 2019.

Non-executive Director

Mr. Ke Jinding (柯金鍚) ("Mr. Ke"), aged 45, is a non-executive Director. Mr. Ke is responsible for advising on and supervising the implementation of strategic planning of our Group. Mr. Ke held various positions in Jingong Machinery which was principally engaged in manufacturing engineering and fundamental agricultural machinery, including general manager, deputy sales general manager, assistant to general manager and etc. since July 1997.

Mr. Ke graduated with his diploma in business management from Huaqiao University (華僑大學) in July 1997. In October 2020, Mr. Ke elected as the chairman of supervisory committee of the second Quanzhou Equipment Manufacturing Association (泉州裝備製造業協會).

Independent Non-executive Directors

Mr. Chen Chaolin (陳朝琳) ("Mr. Chen"), aged 47, is an independent non-executive Director since 19 June 2018. Mr. Chen is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. Since March 2016, Mr. Chen has been an independent non-executive director of Shenzhen Ysstech Info-Tech Co., Ltd. (深圳市贏時勝信息技術股份有限公司) (stock code: 300377, a company listed on Shenzhen Stock Exchange). Since December 2015, Mr. Chen served as director of Xiamen Borui Investment Co., Ltd.* (廈門博芮投資股份有限公司) where he is responsible for guiding the company's operation. Since December 2019, Mr. Chen served as an independent non-executive director of Shangte (Xiamen) Exhibition Co., Ltd.* (上特展示(廈門)股份有限公司). Since January 2020, Mr. Chen served as an independent non-executive director of Fujian Feitong Communication Technology Co., Ltd.* (福建飛通通訊科技股份有限公司). Since June 2020, Mr. Chen served as an independent non-executive director of Xiamen Fengyun Technology Co., Ltd.* (廈門風雲科技股份有限公司) (stock code: 836460, a company listed on NEEQ). Since November 2020, Mr. Chen served as an independent non-executive director of Renlipin Pharmaceuticals (Xiamen) Co., Ltd.* (任力品藥業(廈門)股份有限公司). Mr. Chen also served successively as a teacher and the deputy professor of Xiamen National Accounting Institute (廈門國家會計學院) where he is responsible for teaching and researching since June 2011. From November 2004 to July 2008, Mr. Chen served as a project manager of Xiamen Business Management Personnel Evaluation Recommendation Center* (廈門市企業經營管理人才評價推薦中心) and was responsible for human resources management consulting services. From June 2001 to October 2004, Mr. Chen served as a project manager of Xiamen Power Capital Consulting Co., Ltd.* (廈門高能投資諮詢有限公司) which was principally engaged in securities investment services, where he was responsible for investment and consulting services. Mr. Chen served as an assistant to general manager of Lianjiang Ruibang Metal Product Company Limited* (連江瑞邦金屬製品有限公司), a company principally engaged in hardware development and production from November 1997 to August 1999, where he was responsible for assisting the general manager. From August 1995 to October 1997, Mr. Chen worked as an office clerk in Fujian Feed Industry Company* (福建省飼料工業公司) which was principally engaged in purchase and sale of primary agricultural products, where he was responsible for futures brokerage and proprietary trading.

Mr. Chen obtained his bachelor's degree in economics from Xiamen University and his master's degree in business administration from Xiamen University in July 1995 and December 2002, respectively. Mr. Chen also obtained a doctor's degree in management from Xiamen University in June 2011. Since May 2019, Mr. Chen is a member of the second session of the advisory committee of the Accounting Standards for Business Enterprises of the PRC Ministry of Finance (中國財政部第二屆企業會計準則諮詢委員會) with a term of two years.

Mr. Tu Liandong (涂連東) ("Mr. Tu"), aged 52, is an independent non-executive Director since 19 June 2018. Mr. Tu is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. In November 2019, Mr. Tu was appointed as the chairman of the board and the general manager of Xiamen Jindongshi Investment Management Co,. Ltd.* (廈門金東石投資管理有限公司) and is primarily responsible for investment management and asset management. In June 2019, Mr. Tu was appointed as a director and the general manager of Xiamen Liemou Consulting Co., Ltd.* (廈門獵謀諮詢服務有限公司) and is primarily responsible for investment consulting and enterprise management consulting, among other things. From July 2018 to August 2019, Mr. Tu served as an executive director of Pingtan Comprehensive Experimental Zone Shichu Investment Management Co., Ltd.* (平潭綜合實驗區時初投資管理有限公司) which was principally engaged in investment and asset management, where he was responsible for investment management and asset management. From May 2018 to April 2019, Mr. Tu served as an executive director of Xiamen Shichu Investment Consulting Co., Ltd.* (廈門時初投資諮詢有限公司) which was principally engaged in investment consulting, enterprise management consulting and business information consulting, where he was responsible for investment consulting and financial consulting, among other things. In February 2018, Mr. Tu was appointed as executive director and general manager of Xiamen Xuankai Investment Operation Management Co., Ltd.* (廈門宣凱投資運營管理有限公司), a company principally engaged in investment management consulting, where he was responsible for investment management and investment consulting. Mr. Tu served as executive director of Xiamen Southern Qianhe Investment Management Co., Ltd.* (廈門南方謙和投資管理有限公司) which was principally engaged in investment and asset management from November 2016 to February 2018, where he was responsible for fund management and investment consultation. From July 2016 to November 2016, Mr. Tu served as a managing partner of Xiamen Fantai Investment Management Co., Ltd* (廈門泛泰創業投資管理有限公司) which was principally engaged in investment consulting, where he was responsible for investment. From May 2003 to July 2016, Mr. Tu served as a chief financial officer and partner of Xiamen Power Capital Consulting Co., Ltd.* (廈門高能投資諮詢有限公司) which was principally engaged in investment management, where he was responsible for listing guidance, investment consulting, financial advisory and fund management. Mr. Tu worked as principal staff member of CSRC Xiamen Bureau (中國證監會廈門證監局) from March 2002 to May 2003, where he was responsible for supervision on securities and futures businesses. From July 1997 to March 2002, Mr. Tu served as a Certified Public Accountant and partner of Xiamen Zhongxing Certified Public Accountants Co., Ltd.* (廈門中興會計師事務所有限公司), a company principal engaged in audit, capital verification and accounting consultation, where he was responsible for accounting and tax consulting and auditing and property valuation. Mr. Tu worked as lecturer of Jimei University (集美大學) from September 1993 to July 1997. Mr. Tu currently serves as an independent non-executive director and the chairman of the audit committee of Hollyland (China) Electronic Technology Corporation Limited (好利來（中國）電子科技股份有限公司) (stock code: 002729, a company listed on the Shenzhen Stock Exchange since September 2014). Mr. Tu currently also serves as an independent non-executive director and chairman of the audit committee of Fujian Supertech Advanced Material Co., Ltd. (福建賽特新材股份有限公司) (stock code: 688398, a company listed on the Shanghai Stock Exchange since February 2020). Mr. Tu currently serves as independent non-executive director and chairman of audit committee of Guoanda Co., Ltd.* (國安達股份有限公司) (stock code: 300902, a company listed on Shenzhen Stock Exchange) since September 2020. Mr. Tu serves as an independent non-executive director of Xiamen Fengyun Technology Co., Ltd.* (廈門風雲科技股份有限公司) (stock code: 836460, accompany listed on NEEQ) since August 2020. Mr. Tu also served as an independent director of Tsann Kuen (China) Enterprise Co., Ltd., (stock code: 200512, a company listed on Shenzhen Stock Exchange).

Mr. Tu obtained his bachelor's degree in science from Fuzhou University (福州大學) and his master's degree in science from Xiamen University in July 1990 and September 1993, respectively. Mr. Tu also obtained the qualification of certified public accountants of the PRC in May 1997.

Mr. Xie Mianbi (謝綿陛) ("Mr. Xie"), aged 52, is an independent non-executive Director since 19 June 2018. Mr. Xie is responsible for supervising the compliance and corporate governance, and providing independent advice to the Board. Mr. Xie worked as a lecturer, vice professor and professor of JiMei University (集美大學) successively since August 1998. From August 1990 to July 1998, Mr. Xie worked as a lecturer of Sanming Medical and Polytechnic Vocational College (三明醫學科技職業學院) (formerly known as Fujian Sanming Textile Industry College* (福建三明紡織工業學校) and Fujian Sanming Financial and Economics College* (福建三明財經學校)).

Mr. Xie obtained his bachelor's degree in engineering mechanics from Northwestern Polytechnical University (西北工業大學) and his master's degree in finance from Xiamen University in July 1990 and December 1999, respectively. Mr. Xie also obtained a doctor's degree in economics from Xiamen University in June 2004.

Senior Management

Mr. Zhang Zhaowei (張兆偉) ("Mr. Zhang"), aged 47, is the deputy general manager of our Group. Mr. Zhang is responsible for sales and marketing matters of our Group. He has been the deputy general manager of Xiamen Baiying since 2011. Prior to joining our Group, Mr. Zhang worked as an analyst of HSBC Bank (Canada)* (加拿大匯豐銀行) from January 2008 to December 2009 where he was responsible for database maintenance and online application development. From September 2003 to August 2005, Mr. Zhang worked as an analyst of Lianhe Furniture Company* (聯合家具公司) which was principally engaged in sales of furniture and other products, where he was responsible for stock analysis and procurement. From July 1994 to May 2000, Mr. Zhang worked as a manager of Xiamen Xingsha Industrial General Company* (廈門星鯊實業總公司) which was principally engaged in production and sales of medicines and animal health products, where he was responsible for marketing and sales management.

Mr. Zhang graduated with a bachelor's degree in agricultural science from Huazhong Agricultural University (華中農業大學) in July 1994 and a master's degree in business administration from Xiamen University in June 2002. Mr. Zhang also obtained a bachelor of science degree in computer science from Simon Fraser University (西蒙弗雷澤大學) in September 2009.

Mr. Deng Huaxin (鄧華新) ("Mr. Deng"), aged 45, is the deputy general manager of our Group, one of our joint company secretaries and our compliance officer. Mr. Deng is responsible for administrative matters of the Board and risk management matters of our Group. Mr. Deng joined our Group in August 2015 as an assistant general manager of Xiamen Baiying. He was re-appointed as a deputy general manager on 31 December 2016 and has remained in this position up to present. Prior to joining our Group, Mr. Deng worked as a manager of risk management and asset management department of Xiamen CCRE Finance Leasing Co., Ltd.* (廈門海翼融資租賃有限公司), a company principally engaged in finance leasing, from May 2011 to July 2015, where he was responsible for project assessment, contract management and general legal matters and leasehold management. From April 2004 to April 2011, Mr. Deng worked as the head of legal department of Xiamen Sea Shine Group Co., Ltd.* (廈門夏商集團有限公司) which was principally engaged in asset and investment management, where he was responsible for overall legal matters and risk management and contract review and litigation. Mr. Deng worked as a manager of management department of Xiamen Tea Import and Export Limited* (廈門茶葉進出口有限公司) from April 2001 to March 2004. From July 1999 to March 2001, Mr. Deng worked as a legal specialist of Xiamen Yihong Group Co., Ltd.* (廈門毅宏集團有限公司) which was principally engaged in real estate development, where he was responsible for overall legal matters, including contract review and management and litigation.

Mr. Deng graduated from Lanzhou University in June 1999 with a bachelor's degree in law. Mr. Deng is qualified to practice law in the PRC. He is an arbitrator of Xiamen Arbitration Commission since 2008. Mr. Deng is a mediator and special arbitrator of Xiamen Finance Justice Cooperative Centre* (廈門金融司法協同中心) since 2019 and June 2020, respectively. Since December 2020, he is an deputy head of the Finance Leaning Industry Committee of Xiamen Municipal Association of Local Financial Institution (廈門市地方金融協會融資租賃行業委員會).

Ms. Xu Jianxia (許建霞) ("Ms. Xu"), aged 47, is the financial manager of our Group. Ms. Xu is responsible for financial and accounting matters of our Group. Ms. Xu joined our Group as the financial manager of Xiamen Baiying in May 2012. Prior to joining our Group, Ms. Xu worked as a financial manager of Xiamen Yuancheng Managing Consulting Co., Ltd.* (廈門市元成企管諮詢有限公司), a company principally engaged in corporate management consulting, from February 2005 to December 2011, where she was responsible for financial and accounting matters. From September 1991 to December 2004, Ms. Xu worked as a deputy manager of the financial department of Fujian Naoshan Paper Co., Ltd.* (福建鐃山紙業有限公司), which was principally engaged in production and sales of paper products, where she was responsible for financial and accounting matters.

Ms. Xu graduated from Network Education School of Renmin University of China* (中國人民大學網絡教育學院) in July 2008 with a bachelor's degree in marketing. In January 2017, Ms. Xu graduated from Concordia University with a master's degree in business administration.

* *for identification purpose only*

Report of the Directors

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of our Group for the year ended 31 December 2020 to the Shareholders.

SHARE OFFER

The Company was incorporated in the Cayman Islands on 5 June 2017 as an exempted company with limited liability under the Cayman Islands Companies Law. The Shares were listed on GEM on 18 July 2018.

PRINCIPAL BUSINESS AND PRINCIPAL PLACE OF BUSINESS

Our Group is primarily providing finance leasing services, factoring services and advisory services to the customers in the PRC.

Our principal place of business and headquarters in the PRC is at Unit 1, 30/F, No. 77 Tai Nan Road, Siming District, Xiamen, Fujian, the PRC. Our principal place of business in Hong Kong is 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

BUSINESS REVIEW

A review of our Group's business for the year ended 31 December 2020 and a discussion on our Group's future business development are set out in the sections of "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. Certain financial key performance indicators are provided in the section of "Financial Summary" of this annual report.

Important events affecting our Group that has occurred since the end of the Reporting Period are mentioned in the subsection headed "Events after the Reporting Period" of this Report of the Directors.

SUBSIDIARIES

Details of the subsidiaries of the Company are set out in note 14 to the consolidated financial statements of this annual report.

For the year ended 31 December 2020, the directors of Hong Kong Byleasing Holding Co., Limited, an indirectly wholly-owned subsidiary of the Company, were Mr. Huang Dake, Mr. Chen Xinwei and Mr. Zhou Shiyuan.

ENVIRONMENT, SOCIAL AND GOVERNANCE

Our Group strictly complies with the requirements of Environmental, Social and Governance (the "**ESG**") Reporting Guide set out in Appendix 20 of the GEM Listing Rules, and our Group is committed to incorporating sustainable development principle into our corporate development strategies and daily operation and management and the goal of acting as a responsible corporate citizen. For details, please refer to the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Our Group persists in maintaining good corporate governance and operating in compliance with the relevant laws and regulations in the PRC, the rules and provisions of the Companies Ordinance, the GEM Listing Rules and the SFO in Hong Kong. For details, please refer to the subsection headed "Compliance with Key Regulatory Requirements" set out in section headed "Management Discussion and Analysis" of this annual report.

KEY RELATIONSHIPS

Our Group endeavours to maintain sustainable development in the long run and continuously create value for our employees and customers. Our Group understands that employees are our valuable assets and the realization and enhancement of our employees' value will facilitate the achievement of our Group's overall goals. We provide comprehensive benefits package and continuing education and training programs for our employees.

Our Group also understands the importance of maintaining good relationships with our customers. We provide efficient and customized finance leasing services to our customers and handle their complaints in a timely manner to maintain the competitiveness of our services and our brand.

During the year ended 31 December 2020, we considered our relationship with employees was good and there was no significant and material dispute with our customers.

KEY RISK FACTORS

Credit Risk

As a finance leasing company dedicated to providing equipment-based financing solutions to SMEs and entrepreneurial individuals, credit risk is the most significant risk inherent in our business. Credit risk arises from a customer's inability or unwillingness to repay its financial obligations owed to us in a timely manner or at all.

Liquidity Risk

Liquidity risk refers to the risk of us not having sufficient funds to meet our liabilities as they fall due. This may arise from mismatch in amount or duration in respect of the maturity of our financial assets and liabilities. If any liquidity difficulty occurs, our business, financial condition and results of operations could be materially and adversely affected.

Political, Economic and Social Conditions

A majority of our operations and assets are located in China, and all of our revenue was derived from our business in China during the Reporting Period. Any negative changes in the political, economic or social conditions in China may have a material adverse effect on our present and future business operations.

The impact of COVID-19 pandemic on China and the global economy is still continuing. With the continuous outbreak and normalized prevention and control of the pandemic, virus mutation and global vaccination, any negative changes may have an adverse effect on our potential customers and our present and future business operations.

These risks are not the only significant risks that may affect the value of the Shares. For more details, please refer to note 26 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, the revenue from our top five customers and the largest customer accounted for 37.9% and 11.1% of our total revenue, respectively.

As of 31 December 2020, we had transactions with one customer with a net amount of receivables arising from finance leasing services of RMB24.7 million, accounting for more than 10% of our total revenue. Such customer is a SME principally engaged in marketing, planning and providing brokerage and agency services of real estate.

During the Reporting Period, we do not have major suppliers since we are primarily engaged in finance leasing business in the PRC.

Our top five customers are the Independent Third Parties, and to the best knowledge of the Directors, none of the Directors or their respective close associates or any Shareholders who own more than 5% of the number of the Company's issued Shares, had any beneficial interest in any of our Group's five largest customers or suppliers aforementioned during the year.

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE GEM LISTING RULES

As of 31 December 2020, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group are set out in the section of "Financial Summary" of this annual report. This summary does not form part of the audited consolidated financial statements of our Group.

FINANCIAL STATEMENTS

The results of our Group for the year ended 31 December 2020 as of the date are set out in the section headed "Consolidated Financial Statements" of this annual report.

A discussion and analysis of our Group's performance during the Reporting Period and material factors underlying its results and financial position are set out in the section headed "Management Discussion and Analysis" of this annual report.

RESERVES

Details of movements in reserves of our Group during the Reporting Period are set out in the section headed "Consolidated Statement of Changes in Equity" of this annual report, of which details of reserves available for distribution to Shareholders are set out in note 25(e) to the consolidated financial statements of this annual report.

DIVIDEND POLICY

Subject to the applicable laws, rules, regulations and the Articles and Association, the Company may distribute dividend by way of cash, share allotment or any other form in any currency to the Shareholders. Declaration of dividends is subject to the discretion of the Board, depending on our results of operations, working capital and capital requirements, as well as any other factors considered relevant. A separated resolution of the proposed dividend distribution plan will be submitted by the Board to the Shareholders at the general meeting for their consideration and approval. The distribution of dividend will be completed within three months upon the approval by the Shareholders at the general meeting.

DIVIDEND

The Board has recommended the payment of a final dividend of HK$2.0 cents per Share for the year ended 31 December 2020 to Shareholders whose names appear on the Company's register of members on Monday, 28 June 2021 (the "**Proposed Final Dividend**"). Subject to the approval of the Shareholders at the AGM, the Proposed Final Dividend is expected to be paid on or around Wednesday, 18 August 2021.

CLOSURE OF REGISTER OF MEMBERS

In order to ascertain shareholder's entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021, both days inclusive, during which period no Share transfers will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration, no later than 4:30 p.m. on Friday, 11 June 2021.

For the purpose of determining the entitlement to the Proposed Final Dividend, the register of members of the Company will be closed from Thursday, 24 June 2021 to Monday, 28 June 2021, both days inclusive, during which period no Shares transfers will be registered. In order to be entitled to the Proposed Final Dividend, all properly completed transfer documents accompanied by the relevant Share certificates should be lodged for registration with the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration, no later than 4:30 p.m. on Wednesday, 23 June 2021.

BANK BORROWINGS AND OTHER BORROWINGS

Details of bank and other borrowings of our Group as of 31 December 2020 are set out in note 21 to the consolidated financial statements of this annual report.

SHARE CAPITAL

On 18 July 2018, the Company issued an aggregate of 67,500,000 Shares of HK$0.01 each at the offer price of HK$1.28 per Share by way of Share Offer. There was no change in share capital of the Company since the Listing Date. For more details, please refer to the section headed "Consolidated Statement of Changes in Equity" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the GEM Listing Rules as of the date of this report.

PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of Cayman Islands, the Company is not subject to any pre-emptive rights requiring it to propose new issues to its existing Shareholders in proportion to their shareholdings.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the subsection headed "Share Option Scheme", no equity-linked agreements were entered into by the Company or subsisted at any time during the year.

DIRECTORS

The following table sets forth information relating to the Directors:

Name	Age	Position	Appointment Date
Mr. Zhou Shiyuan (周士淵)	32	Chairman and executive Director	05 June 2017
Mr. Chen Xinwei (陳欣慰)	46	Executive Director	05 June 2017
Mr. Huang Dake (黃大柯)	50	Executive Director and general manager	05 June 2017
Mr. Ke Jinding (柯金鍚)	45	Non-executive Director	05 June 2017
Mr. Chen Chaolin (陳朝琳)	47	Independent non-executive Director	19 June 2018
Mr. Tu Liandong (涂連東)	52	Independent non-executive Director	19 June 2018
Mr. Xie Mianbi (謝綿陛)	52	Independent non-executive Director	19 June 2018

All existing Directors have been appointed for a fixed term of three years with a service contract. Pursuant to Article 84 of the Articles of Associations and provision A.4.2 of the CG Code, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Accordingly, each of Mr. Huang Dake, Mr. Chen Chaolin and Mr. Xie Mianbi, being eligible, offers himself for re-election at the AGM.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of their independence pursuant to Rule 5.09 of the GEM Listing Rules and considers that all of the independent non-executive Directors are independent of the Company.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management of the Company are set out in the section headed “Directors and Senior Management” of this annual report.

SERVICE CONTRACTS OF DIRECTORS

Each of the Directors has entered into a service contract with the Company for a term of three years. Our Group has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Director which is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

INDEMNITY OF DIRECTORS

The Company has maintained appropriate Directors and officers liability insurance and the permitted indemnity provision as defined in section 469 of the Companies Ordinance (Chapter 622, Laws of Hong Kong) for the benefit of the Directors is currently in force and was in force throughout the year.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of the Directors and five highest paid individuals for the year ended 31 December 2020 are set out in note 9 to the consolidated financial statements of this annual report.

The remuneration to Directors is subject to the Shareholders' approval at the general meeting. The emoluments payable to the Directors and senior management and their respective contractual terms under their employment contracts or service contracts are determined by the Board with recommendations of the remuneration committee of the Company (the "**Remuneration Committee**"), having regard to their performance, our Group's operating results and comparable market statistics. No Directors, or any of their respective associates, was involved in deciding their own remuneration.

Remuneration paid to each of the members of the senior management of the Company (except for three executive Directors) for the year ended 31 December 2020 is less than RMB400,000. No Director and senior management of the Company has waived or agreed to waive any emoluments.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of our Group were entered into or in existence during the year ended 31 December 2020.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the subsection headed "Connected Transactions and Continuing Connected Transactions" in this report, none of the Directors or entities connected with a Director had a material interest, either directly or indirectly in any transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, nor did such transaction, arrangement or contract subsist during the Reporting Period.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in the subsection headed "Related Party Transactions" in this report, there had been no contract of significance between the Company or any of its subsidiaries and the Controlling Shareholder.

COMPETING BUSINESS

None of the Directors or their respective close associates (as defined in the GEM Listing Rules) was engaged in any business which competes or was likely to compete, either directly or indirectly, with the business of the Company during the Reporting Period.

PENSION SCHEME

Our Group participates in pension scheme administered and organized by the local municipal government of the PRC. Contributions to this pension scheme are charged to profit or loss as they became payable in accordance with the rules of the central pension scheme. Our Group has no obligation for the payment of pension benefits beyond the contributions described above.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Each of Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming has confirmed to the Company that it/she/he has complied with the non-competition undertakings given by them to the Company during the year. Pursuant to the undertakings, each of them has individually or collectively with any of their respective close associates agreed not to compete with the existing business of our Group and to refer any option for new business opportunities to the Company.

The independent non-executive Directors have reviewed the status of compliance and enforcement of the non-competition undertakings and confirmed that all the undertakings thereunder have been complied with by each of Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming.

ARRANGEMENT FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were such rights exercised by them, or was the Company or any its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities (including debentures) of the Company or any other body corporate.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board and the management of the Company have adopted the code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report set out in Appendix 15 to the GEM Listing Rules and reviewed its corporate governance policies and their compliance from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions. For details, please refer to the section headed "Corporate Governance Report" of this annual report.

SIGNIFICANT LEGAL PROCEEDINGS

As of 31 December 2020, we had total of 42 outstanding legal proceedings initiated by us, of which 6 new legal proceedings initiated to recover overdue payments from our customers during the Reporting Period. As these proceedings arose in the ordinary course of our daily operations and relatively small amounts of finance lease receivables are involved, the Directors are of the view that these proceedings would not have any material adverse effect on our business, financial condition or results of operations. During the Reporting Period, we handled a civil litigation as a defendant. According to the judgement, we won the litigation and the court refused the claims of the plantiff.

SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by the Shareholders on 20 June 2018 (the "**Share Option Scheme**") for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of our Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), advisors and consultants of our Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 20 June 2018 and will expire on 20 June 2028. As at the date of this annual report, the remaining life of the Share Option Scheme was seven years three months.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company in aggregate shall not exceed 30% of the Shares in issue from time to time. In addition, under a refreshment of the 10% limit mentioned below is approved by the Shareholders pursuant to the GEM Listing Rules, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company shall not in aggregate exceed 10% of all the issued Shares as of 18 July 2018, being the Listing Date. As at the date hereof, the options available for grant by the Company is 27,000,000 Shares, representing 10% of the total issued Shares.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of our Shares in issue on the last day of such 12-month period, unless approved by the Shareholders in accordance with the GEM Listing Rules.

An option shall be regarded as having been granted and accepted when the duplicate of the offer letter, comprising acceptance of the offer of the option, is duly signed by the grantee together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within a period of 30 days from the date of offer of the option, provided that no such offer may be accepted after the expiry of the scheme period or after the Share Option Scheme has been terminated.

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board.

The exercise prices of the options will be determined by the Board in its absolute discretion but shall not be less than whichever is the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of the Shares on the offer date.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 31 December 2020, the Company has no outstanding share option under the Share Option Scheme.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

For the year ended 31 December 2020, the following transactions constituted connected transactions and continuing connected transaction under the GEM Listing Rules:

Loan Agreements with Septwolves Trade

On 6 January 2020, Xiamen Baiying entered into a loan agreement with Septwolves Trade, pursuant to which Xiamen Baiying agreed to provide a loan in the principal amount of RMB33.8 million (the "**First Loan**") to Septwolves Trade at an interest rate of 6% per annum which was repayable on demand by a three-day notice. The First Loan has been fully repaid on 30 June 2020.

On 1 July 2020, Xiamen Baiying entered into a loan agreement with Septwolves Trade, pursuant to which Xiamen Baiying agreed to provide a loan in the principal amount of RMB5.3 million (the "**Second Loan**") to Septwolves Trade at an interest rate of 5% per annum which was repayable on demand by a three-day notice. The Second Loan has been fully repaid on 4 September 2020.

Each of the First Loan and the Second Loan could provide the Group with reasonable return, which was on normal commercial terms, on our idle funds, pending deployment of such funds for the Group's business needs and operating activities after repayment, and was made by the Group for treasury management purpose, after taking into account, among others, the level of risk and return.

Septwolves Trade was directly wholly owned by Fujian Septwolves Group which was in turn approximately 37.82% owned by Mr. Zhou Yongwei (周永偉), a Controlling Shareholder, and hence was a connected person of the Company pursuant to the GEM Listing Rules. As such, each of the First Loan and the Second Loan constituted a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

Jingong Machinery Framework Agreement

On 15 December 2017, Xiamen Baiying, an indirect wholly-owned subsidiary of the Company, entered into a business cooperation agreement with Jingong Machinery (as supplemented by two supplemental agreements dated 23 February 2018 and 19 June 2018, respectively) (collectively, the "**Jingong Machinery Framework Agreement**") for a term of three years commencing from 1 January 2018. Pursuant to the agreement, Xiamen Baiying agreed to provide direct finance leasing services to customers referred by Jingong Machinery by purchasing the designated equipment (namely hydraulic excavator and loader) from Jingong Machinery, its affiliates or its distributors and leasing such equipment to those customers. Those customers are designated by Jingong Machinery and approved by Xiamen Baiying. In return, Jingong Machinery provides us with a guarantee for the performance of the customers under the leases.

The annual cap of the transaction for the year ended 31 December 2020 was RMB50,000,000. The total amounts paid by Xiamen Baiying for purchasing equipment manufactured by Jingong Machinery, pursuant to the direct finance leasing transactions under the Jingong Machinery Framework Agreement for the year ended 31 December 2020 were RMB12,897,300.

Jingong Machinery has long working relationship with us in direct finance leasing. Our customers, who are normally potential or existing customers of Jingong Machinery in need of financing, are introduced by Jingong Machinery. By providing finance leasing service to these customers, we could access and serve the customers sourced from Jingong Machinery. In addition, Jingong Machinery undertakes to repurchase the leased equipment from us in case of default.

As Jingong Machinery is a company directly owned by Mr. Ke Jinding and Mr. Ke Shuiyuan (brother of Mr. Ke Jinding) both as to 50%. Jingong Machinery is an associate of Mr. Ke Jinding, a non-executive Director, and hence a connected person (as defined in the GEM Listing Rules) of the Company. Therefore, the transactions contemplated under the Jingong Machinery Framework Agreement constitute continuing connected transactions for the Company under Chapter 20 of the GEM Listing Rules. As the applicable percentage ratios (as defined under Chapter 19 of the GEM Listing Rules) in respect of the annual amounts payable for each of the three years ended 31 December 2018, 2019 and 2020 is more than 5%, the transactions contemplated under the Jingong Machinery Framework Agreement is subject to the annual review, reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

Pursuant to Rule 20.103 of the GEM Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules relating to the abovementioned non-exempt continuing connected transactions.

Our Directors, including independent non-executive Directors, are of the view that the continuing connected transactions under the Jingong Machinery Framework Agreement has been and will continue to be carried out in the ordinary and usual course of business of our Group and on normal commercial terms or better that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The Board engaged the auditor of the Company to report on the Company's continuing connected transactions. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the above continuing connected transactions and confirmed that nothing has come to their attention that cause them to believe that the continuing connected transactions: (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of our Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and (iv) have exceeded the annual cap as set by the Company.

RELATED PARTY TRANSACTIONS

Save as disclosed in the subsection headed "Connected Transactions and Continuing Connected Transaction" in this report, none of the related party transactions set out in note 28 to the consolidated financial statements constitute connected transactions or continuing connected transactions, which are subject to the reporting, annual review, announcement and/or independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

On 13 January 2021, Xiamen Baiying, an indirectly wholly-owned subsidiary of the Company, entered into a joint venture agreement with Mr. Tu Jinfeng (涂錦鋒) ("**Mr. Tu**"), pursuant to which the parties agreed to establish a joint venture company in the PRC. The joint venture company will be principally engaged in packaging and paper product trading business in the PRC. The parties expected to invest a total of RMB30.0 million into the joint venture company by contributing to its registered capital. Xiamen Baiying agreed to contribute RMB16.5 million, being 55% of the proposed registered capital of the joint venture company, and Mr. Tu agreed to contribute RMB13.5 million, being 45% of the registered capital of the joint venture company.

For more details, please refer to the announcement of the Company dated 13 January 2021. On the same day, the above formation of joint venture company has been completed.

Save as disclosed above and in note 30 to the consolidated financial statements of this annual report, the Board is not aware of any other material events after the Reporting Period.

DONATION

No charitable and other donations were made by our Group during the year ended 31 December 2020.

INTEREST OF COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Changjiang Corporate Finance (HK) Limited ("**Changjiang Corporate Finance**") as its compliance adviser. As informed by Changjiang Corporate Finance, neither Changjiang Corporate Finance nor any of its directors or employees or close associates, has or may have, any interest in the share capital of the Company or any member of our Group (including options or rights to subscribe for such securities) during the Reporting Period, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules, except for the compliance adviser agreement entered into between the Company and Changjiang Corporate Finance.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") has reviewed and discussed with the management the accounting principles and practices adopted by the Company, the Company's internal controls and financial report matters, and the Company's policies and practices on corporate governance. This annual report has been reviewed and agreed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

AUDITOR

The consolidated financial statements for the year ended 31 December 2020 have been audited by KPMG, who has remained as the Company's auditor since the Listing Date and shall retire and, being eligible, offer itself for re-appointment. A resolution for the re-appointment of KPMG as an auditor of the Company is to be proposed at the AGM.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As of 31 December 2020, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which will 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 is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Position	Nature of interest	Number of Shares[1]	Percentage in the total issued share capital
Mr. Ke Jinding[2]	Non-executive Director	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Mr. Huang Dake[3]	Executive Director	Interest in controlled corporation	22,781,250 Shares (L)	8.44%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares or the shares in the share capital of the relevant associated corporation.

(2) Zijiang Capital is directly interested in approximately 14.06% of the issued Shares. The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn held as to 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Jinding is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.

(3) HDK Capital is directly interested in approximately 8.44% of the issued Shares. The disclosed interest represents the interest in the Company held by HDK Capital, which is wholly owned by Mr. Huang Dake. Therefore, Mr. Huang Dake is deemed to be interested in HDK Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 31 December 2020, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will 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 is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of 31 December 2020, the persons or corporations (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Shareholders	Nature of interest	Number of Shares(1)	Percentage in the total issued share capital
Septwolves Holdings	Beneficial owner	118,968,750 Shares (L)	44.06%
Mr. Zhou Yongwei(2)	Interest in controlled corporation	118,968,750 Shares (L)	44.06%
Zijiang Capital	Beneficial owner	37,968,750 Shares (L)	14.06%
Mr. Ke Shuiyuan(3)	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
HDK Capital	Beneficial owner	22,781,250 Shares (L)	8.44%
Shengshi Capital	Beneficial owner	15,187,500 Shares (L)	5.63%
Mr. Wong Po Nei(4)	Interest in controlled corporation	15,187,500 Shares (L)	5.63%

Notes:

(1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.

(2) The disclosed interest represents the interest in the Company held by Septwolves Holdings, which is in turn held as to 37.06%, 31.47% and 31.47% by Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming, respectively. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings' interest in the Company by virtue of the SFO.

(3) The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn held as to 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Shuiyuan is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.

(4) The disclosed interest represents the interest in the Company held by Shengshi Capital, which is wholly owned by Mr. Wong Po Nei. Therefore, Mr. Wong Po Nei is deemed to be interested in Shengshi Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 31 December 2020, the Directors were not aware of any other person or corporation having an interest or short position in Shares and underlying Shares which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

On behalf of the Board

Zhou Shiyuan
Chairman and executive Director
25 March 2021

The Company is committed to maintaining high standards of corporate governance and protecting the interests of its Shareholders in an open manner. The Board and the management of the Company has adopted the Code Provisions of the CG Code set out in Appendix 15 to the GEM Listing Rules and reviewed its corporate governance practice from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith and in the best interests of the Company and its Shareholders. The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee (each a "**Board Committee**" and collectively the "**Board Committees**"), to oversee different areas of the Company's affairs.

As of 31 December 2020, the Board comprised three executive Directors, namely, Mr. Zhou Shiyuan, Mr. Chen Xinwei and Mr. Huang Dake, one non-executive Director, namely, Mr. Ke Jinding, and three independent non-executive Directors, namely, Mr. Chen Chaolin, Mr. Tu Liandong and Mr. Xie Mianbi.

Their biographical details are set out in the section headed "Directors and Senior Management" of this annual report. A list of the Directors identifying their roles and functions is available on the websites of the Stock Exchange and the Company.

There is no financial, business, family or other material or relevant relationships among members of the Board and members of the senior management of the Company.

DUTIES OF THE BOARD OF DIRECTORS AND THE SENIOR MANAGEMENT

The Board is responsible for our Group's strategic planning, advising on and supervising the implementation of strategic planning and overall operation of our Group. The Board also is responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of our Group, and the training and continuous professional development of Directors and senior management of the Company. The Directors make decisions objectively in the joint interests of the Company and its Shareholders.

The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Company's businesses to the executive Directors and members of senior management of the Company. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate. In addition, the Board has established Board Committees and has delegated to these Board Committees various responsibilities as set out in their respective terms of reference. Further details of these committees are set out in section headed "Board Committees" in this annual report.

Each of the Board members can have separate and independent access to the Company's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at our Group's expense upon their request.

The senior management of the Company is primarily responsible for the administrative matters of the Board, risk management matters, financial and accounting matters and sales and marketing matters of the Company.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organizations. These interests are updated on an annual basis and when necessary.

During the year, the Board held 6 meetings to approve the change of the name of the Company, approve the major and connected transaction, review our financial information, review and monitor the policies and practices on corporate governance and legal and regulatory compliance of the Company. The senior management supervised the daily operations of the Company, identified and reported the potential risks to the Board.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Zhou Shiyuan is the chairman of the Board and is responsible for our Group's strategic planning, overall operation and managing the Board. The chairman is also responsible for ensuring good corporate governance practices.

Mr. Huang Dake, as the general manager of the Company, is responsible for supervising the overall management, daily operations and marketing management of our Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 5.05(1) and 5.05A of the GEM Listing Rules, the Company has appointed three independent non-executive Directors, representing one-third of the Board. One of the independent non-executive Directors has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 5.05(2) of the GEM Listing Rules.

Each independent non-executive Director has submitted annual confirmation of his independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. Based on such confirmations, the Company considers that all of the independent non-executive Directors are independent under these independence criteria and are capable of effectively exercising independent judgement.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of our Group.

All Directors attended the trainings in relation to the notifiable transaction under Chapter 19 of the GEM Listing Rules and the connected transaction under Chapter 20 of the GEM Listing Rules provided by its Hong Kong legal adviser and the training in relation to the director's duty and corporate governance including the risk management and practice.

A summary of training received by the Directors for the year ended 31 December 2020 is as follows:

Name of Directors	Notifiable Transaction under Chapter 19 of the GEM Listing Rules	Connected Transaction under Chapter 20 of the GEM Listing Rules	Director's Duty and corporate governance
Executive Directors			
Mr. Zhou Shiyuan	√	√	√
Mr. Chen Xinwei	√	√	√
Mr. Huang Dake	√	√	√
Non-executive Director			
Mr. Ke Jinding	√	√	√
Independent non-executive Directors			
Mr. Chen Chaolin	√	√	√
Mr. Tu Liandong	√	√	√
Mr. Xie Mianbi	√	√	√

DIRECTORS' INSURANCE

Our Group has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

BOARD COMMITTEES

The Board is supported by a number of committees, including the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. The terms of reference of the Audit Committee, Nomination Committee and Remuneration Committee are respectively available on the websites of the Stock Exchange and the Company. All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

Audit Committee

The Audit Committee consists of three members, namely Mr. Tu Liandong (independent non-executive Director), Mr. Chen Chaolin (independent non-executive Director) and Mr. Ke Jinding (non-executive Director). Mr. Tu Liandong currently serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to review our financial information, oversight the Company's financial reporting system, risk management and internal control systems, nominate and monitor external auditors, develop, review and monitor our corporate governance functions and to provide advice and comments to the Board.

The Audit Committee held four meetings for the year ended 31 December 2020. The Audit Committee has reviewed (i) the annual financial statements, results and report of our Group for the year ended 31 December 2019; (ii) the quarterly financial statements, results and report of our Group for the three months ended 31 March 2020; (iii) the interim financial statements, results and report of our Group for the six month ended 30 June 2020; (iv) the quarterly financial statements, results and report of our Group for the nine months ended 30 September 2020; and (v) the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and its effectiveness.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Chen Chaolin (independent non-executive Director), Mr. Xie Mianbi (independent non-executive Director) and Mr. Huang Dake (executive Director). Mr. Chen Chaolin currently serves as the chairman of the Remuneration Committee.

The primary duties of the Remuneration Committee are to evaluate the performance, make recommendations on the remuneration of our senior management, executive Directors and non-executive Directors to members of the Board, review and approve compensation payable to executive Directors and management for any loss or termination of office, and also review and approve compensation arrangements relating to dismissal or removal of the Directors for misconduct.

The major objective of our remuneration policy is to develop and review the remuneration package of individual executive Director and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management, goals and objective of the Company, and recommend the remuneration proposals to the Board and ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held one meeting for the year ended 31 December 2020. The Remuneration Committee has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company and the effectiveness of the Remuneration Committee.

Nomination Committee

The Nomination Committee consists of three members, namely Mr. Zhou Shiyuan (executive Director), Mr. Tu Liandong (independent non-executive Director) and Mr. Xie Mianbi (independent non-executive Director). Mr. Zhou Shiyuan currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and Board Committees, assess the independence of independent non-executive Directors, determine and review the Board's diversity policy and nomination policy and recommend to the Board on the appointment or re-appointment of Directors.

The Nomination Committee held one meeting for the year ended 31 December 2020. The Nomination Committee has reviewed the terms of reference of the Nomination Committee, diversity policy of the Board and its effectiveness for the Company's development, recommend to the Board on the re-election of Mr. Zhou Shiyuan, Mr. Chen Xinwei, Mr. Ke Jinding and Mr. Tu Liandong, structure, size and composition of the Board and assessed independence of the independent non-executive Directors and its effectiveness.

BOARD MEETINGS

The Company intends to hold Board meetings regularly, at least four times a year. A notice will be given not less than 14 days for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. A Director may attend the Boards meeting in person, or appoint another Director in writing as his proxy to attend the Board meeting. The joint company secretaries of the Company are responsible for preparing and keeping the documents and records of Board meetings. Draft minutes and final versions of each Board meeting and Board Committee meeting will be sent to all Directors or committee members for their comments within a reasonable time after the date on which the meeting is held.

In addition, in order to facilitate open discussion with all the independent non-executive Directors and at their request, the chairman will meet with the independent non-executive Directors, in the absence of executive Directors and senior management, at least once a year after a regular Board meeting.

The attendance record of each of the meetings of the Board and Board Committees held are set out in the table below. The Directors did not authorise any alternate Director to attend Board or Board Committee meetings.

	Attendance/Number of Meetings			
Name of Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors				
Mr. Zhou Shiyuan	6/6	N/A	1/1	N/A
Mr. Chen Xinwei	6/6	N/A	N/A	N/A
Mr. Huang Dake	6/6	N/A	N/A	1/1
Non-executive Director				
Mr. Ke Jinding	6/6	4/4	N/A	N/A
Independent non-executive Directors				
Mr. Chen Chaolin	6/6	4/4	N/A	1/1
Mr. Tu Liandong	6/6	4/4	1/1	N/A
Mr. Xie Mianbi	6/6	N/A	1/1	1/1

GENERAL MEETINGS

During the year ended 31 December 2020, the Company convened two general meetings both held on 19 June 2020. All Directors attended these meetings.

UPDATES ON DIRECTORS' INFORMATION

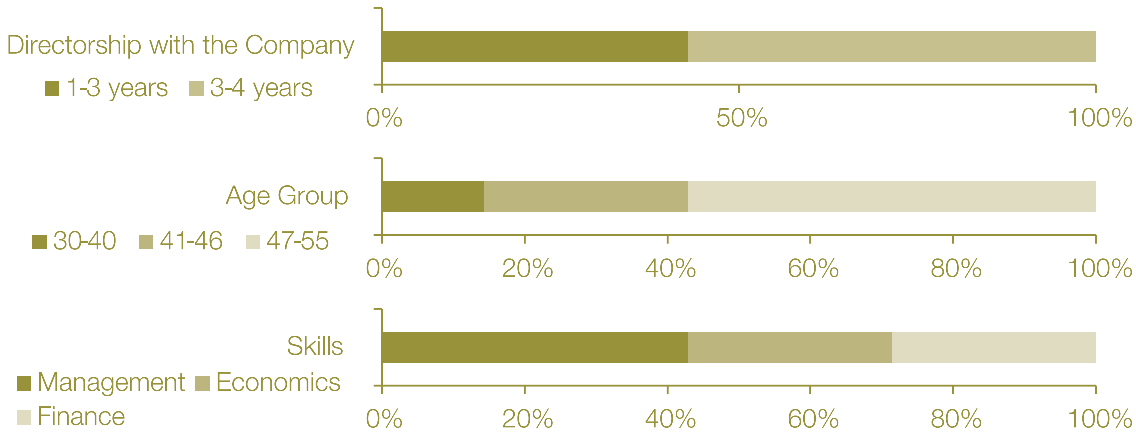
During the Reporting Period, there were no changes in the information of Directors which are required to be disclosed herein pursuant to Rule 17.50A(1) of the GEM Listing Rules.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the Code Provision D.3.1 of the CG Code. During the Reporting Period, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, and the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of Code of Conduct, and the Company's compliance with the CG Code and the disclosures in this Corporate Governance Report.

BOARD DIVERSITY POLICY

The Board adopted a board diversity policy (the "**Board Diversity Policy**") in accordance with the requirement set out in the CG Code. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board. Selection of candidates shall be based on a range of diversity perspectives, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service. The Nomination Committee monitors, from time to time, the implementation of the policy, and reviews, as appropriate, the policy to ensure the effectiveness of the policy.



NOMINATION POLICY

In order to nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election at general meetings, the secretary of the Nomination Committee shall call a meeting with the list and information of the candidates. For proposing candidates to stand for election at a general meeting, a circular which contains the names, brief biographies, independence, proposed remuneration and any other information as required pursuant to the applicable laws and regulations, will be sent to the Shareholders. Other than the nomination recommended by the Board for election, the Shareholders can serve a notice in writing of the intention to propose that certain person for election as a Director with in the lodgment period. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting.

The Nomination Committee has the discretion to nominate any person as it considers appropriate and in assessing the suitability of a proposed candidate, the criteria as set out below will be used as reference:

- Reputation and integrity;

- Experience and accomplishment in finance leasing industry, including but not limited to, business development, risk control, leaseback management, relationship with customers and etc.;

- Commitment in performing the duties as a director and a member of the Board committees (if applicable);

- Board diversity, including but not limited to, gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge, relationship with other Board members and length of service, and the potential contributions can be brought to the Board; and

- For the candidate who is currently an employee of the Company, his performance, contribution, employment period, integrated assessment and etc.

SERVICE CONTRACTS OF DIRECTORS

Each of the Directors has entered into a service contract with the Company and each service contract is for a term of three years. Directors shall be elected by our Shareholders at the Shareholders' general meeting with a term of three years. Each independent Director can be extended upon re-election.

Save as disclosed above, the Company has not entered, and does not propose to enter, into any service contracts with any of the Directors in their respective capacities as Directors which is not determinable by the employer within one year without the payment of compensation (other than statutory compensation).

REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the Company by the Directors on terms no less exacting than the required standard of dealing concerning securities transaction by the directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the "**Code of Conduct**") as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code of Conduct for the Reporting Period.

Pursuant to Rule 5.66 of the Code of Conduct, the Directors have also requested any employee of the Company or director or employee of any subsidiary of the Company who, because of his office or employment in the Company or any subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Code of Conduct as if he were a Director.

JOINT COMPANY SECRETARIES

Mr. Deng Huaxin ("**Mr. Deng**"), the deputy general manager of our Group, is the compliance officer and one of the joint company secretaries. Ms. Ng Ka Man ("**Ms. Ng**"), a manager of the Listing Department of TMF Hong Kong Limited, the external service provider, is our joint company secretary. Mr. Deng is her primary contact person of the Company. Both Mr. Deng and Ms. Ng, as the joint company secretaries, have complied with the relevant professional training requirement under Rule 5.15 of the GEM Listing Rules.

The biographical details of Mr. Deng, please refer to his details as set out in the section of "Directors and Senior Management" in this annual report. Ms. Ng obtained her master degree in Corporate Governance from The Open University of Hong Kong in 2011. She is an associate member of The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute in the United Kingdom.

RESPONSIBILITIES OF FINANCIAL REPORTING

The Board acknowledges its responsibility to prepare our Group's financial statements which give a true and fair view of our Group's state of affairs, results and cash flows for the quarterly, interim and annual reports and other disclosures according to the GEM Listing Rules, the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Companies Ordinance.

Our Group has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The senior management has provided the Board with all necessary explanations and information for the Board to make an implementation assessment of the Company's financial data and position and for the Board's consideration and approval. To the best knowledge of the Directors, there are no material uncertainties relating to events or conditions that may affect the business of our Group or cast doubts on its ability to continue as a going concern.

The responsibilities of KPMG, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" of this annual report.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

KPMG has been appointed as the external auditor of the Company and provided an annual confirmation of their independence to the Audit Committee for the year ended 31 December 2020. They confirmed that they are not aware of any matters which could be reasonable through to bear on their independence.

The Audit Committee has been notified of the nature and the service charges of these audit and non-audit services performed by KPMG. For the year ended 31 December 2020, the remunerations paid or payable to KPMG in respect of audit and non-audit services provided to our Group were (i) RMB700,000 for the audit service, and (ii) RMB424,000 for non-audit service, mainly including RMB360,000 for interim review service and RMB64,000 for the proposed very substantial acquisition related assistance service. The Audit Committee considered such services have no adverse effect on the independence of the external auditor.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor under the annual review.

COMMUNICATION WITH SHAREHOLDERS

The Company aims to, via its corporate governance structure, provide all Shareholders an equal opportunity to exercise their rights in an informed manner and allow all Shareholders to engage actively with the Company. The Company convenes the Shareholders' general meetings with the notice of the meeting and separate resolutions in printed form or electronic form by posting on the websites of the Stock Exchange and the Company in compliance with the relevant rules and regulations. The Company highly values the opinions, suggestions and concerns of the Shareholders. The chairman of the Board and Board Committees and the auditor will attend the annual general meeting to answer questions.

CONVENING EXTRAORDINARY GENERAL MEETINGS

Pursuant to the Articles of Association, any Shareholder(s) at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition. If the Board fails to proceed to convene such meeting within twenty-one days, such Shareholder(s) may do so in the same manner, and all reasonable expenses incurred by such Shareholder(s) as a result of the failure of the Board shall be reimbursed to the Shareholder(s) by the Company.

Shareholders could use the same way of convening an extraordinary general meeting as above to put forward proposals in details at general meetings.

ENQUIRIES TO THE BOARD

The Company encourages Shareholders to attend Shareholders' meetings and make enquiries by either directly raising questions to the Board and Board Committees at the general meetings or providing written notice of such enquiries for the attention of the company secretary of the Company at its principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

CONSTITUTIONAL DOCUMENTS

Pursuant to the resolutions of the Shareholders passed on 20 June 2018, the Articles of Association was adopted with effect from the Listing Date and was amended on 4 August 2020 pursuant to the resolution of the Shareholders passed at the extraordinary general meeting held on 19 June 2020.

The Articles of Association are available on the websites of the Stock Exchange and the Company.

INVESTOR RELATIONS

During the Reporting Period, the Company has maintained corporate transparency and communications with the Shareholders through timely distribution of financial reports, latest news, announcements and/or other publications. The Company's website provides an effective communication platform to keep the market abreast of the latest developments.

RISK MANAGEMENT AND INTERNAL CONTROL

During the Reporting Period, our Group is committed to maintaining comprehensive risk management and internal control systems that enhance our overall strategy and long-term strategic position while addressing various risks, including credit risks, market risks, operational risks, liquidity risks, strategic risks and reputational risks. Our Group has implemented a comprehensive and effective risk management system with stringent procedures and measures in place, including multi-level assessments and approval processes, to offer our customers customized repayment plans and interest rates based on their respective credit profiles and historical transaction records. The final review and approval conducted by our risk management department and our general manager respectively. The regular post-grant reviews conducted on a quarterly basis to monitor our customers' financial condition and the sustainability of their business operations. In 2020, faced with the unexpected outbreak of COVID-19, the Company have made corresponding adjustments in risk management and internal control. For new customers, we will not only analyse and evaluate their credit status, production and operation, but also consider and understand the impact of the epidemic on their production and operation, and start cooperation more carefully. In terms of pre-tenancy assessment and post-tenancy management, we arrange inspection and due diligence activities in strict compliance with the requirements of epidemic prevention and control, and actively follow up the epidemic status and related impacts in the customers locations. Our Group believes that the risk management system we have in place is effective in reducing our exposure to the various risks inherent in our operations.

The Board oversees and manages the overall risks associated with our operations. Our risk management department is responsible for assessing, managing risks and discussing solutions at the operational level. The Audit Committee meets with the head of the risk management department to address material internal control defects (if any) and the results of risk assessment to the Board for its review. The Board oversees our Group's risk management and internal control systems on an ongoing basis. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board conducts an annual review of the effectiveness of our risk management and internal control systems covering all material aspects. During the Reporting Period, we have improved our internal reporting procedure to ensure our further compliance. The Board considered the risk management and internal control systems were effective and adequate in all material aspects in both design and operation.

The Company is fully aware of its obligations under Chapter 17 of the GEM Listing Rules and the SFO and the overriding principle that inside information of the Company should be announced immediately. The Company reviews from time to time its internal policies and guidelines on inside information or potentially price sensitive information with reference to its own and industry circumstances and the Guide on Disclosure of Inside Information issued by the SFO.

During the Reporting Period, the Company followed the rules and procedures on regulating the disciplines and actions of all employees in external media communications. The purpose of streamlining the communications of the Company with the media is to regulate all media communication activities, protect the interests of the Company and to keep inside information strictly confidential prior to its disclosure. The Company does not have in place an independent internal audit function as the Board is of the view that the appointment is not imminent under the current circumstances, taking into account the current structure and scope of the Company's operations.

Environmental, Social and Governance Report

ABOUT THE REPORT

Report Overview:

This report is the third ESG report issued by Baiying Holdings Group Limited, which discloses our ESG performances and management policies.

Reporting Period:

This ESG report is an annual report covering the period from 1 January 2020 to 31 December 2020.

Reporting Scope:

This ESG report covers the Company and its subsidiaries.

Preparation Basis of the Report:

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide ("**ESG Reporting Guide**") as set out in the Appendix 20 of the GEM Listing Rules.

Data Explanation:

The relevant information of this report is extracted from statistics in the internal system of our Group.

Review of the Report:

The report has been reviewed and approved by the Board on 25 March 2021.

Publication of the Report:

This ESG report should be published in printed form and electronic form.

1 ABOUT US

1.1 Group Profile

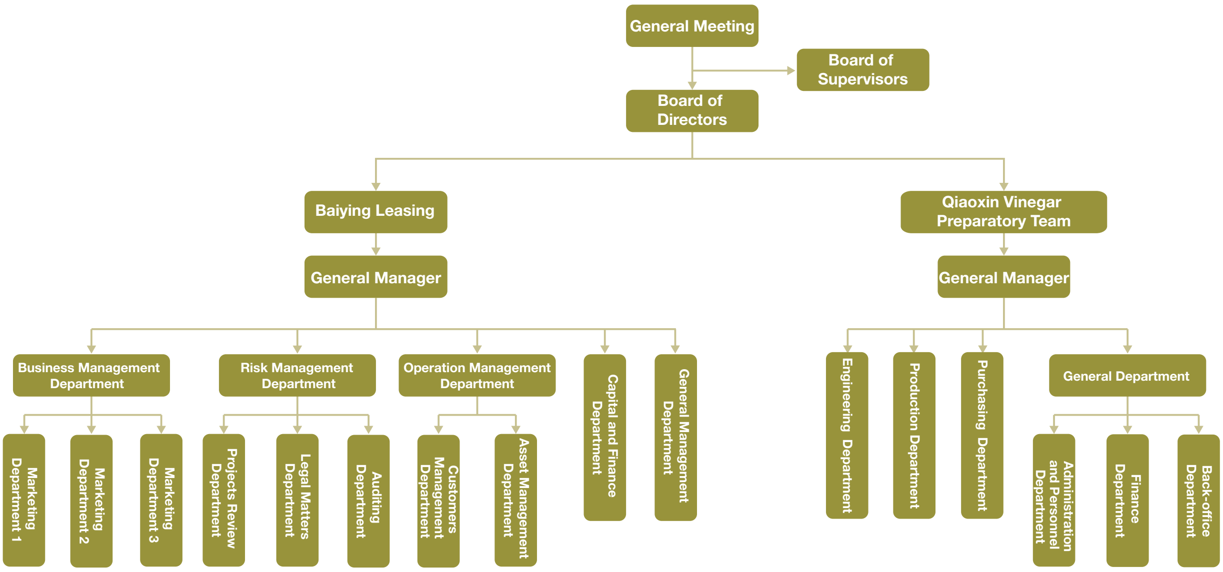
Our history can be traced back to March 2010, in which our principal operating subsidiary, Xiamen Baiying Leasing Co. Ltd.* (廈門百應融資租賃有限責任公司) was incorporated in Xiamen. We were officially listed on GEM on 18 July 2018 (stock name: Baiying Holding, stock code: 8525). We are a finance leasing company in Fujian Province, dedicated to providing equipment-based financing solutions to SMEs, entrepreneurial individuals and renowned large enterprises. We have the qualifications to conduct finance leasing and commercial factoring and related businesses. During the Reporting Period, our Group stuck to the principles of stable operation and risk prioritisation and developed a better understanding and tested the factoring business while growing our finance leasing business. As we move forward enhancing our finance leasing and commercial factoring businesses, we founded Fujian Yongchun Qiaoxin Vinegar Co., Ltd.* (福建永春僑新老醋有限責任公司) ("**Qiaoxin**"), a vinegar production factory in PRC on 23 April 2020 to diversify our business. During the year, the new business will not impact our principal businesses. As of 31 December 2020, Qiaoxin has not put into production.

Since our Group's establishment, we have been providing customised services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates repayment plans and terms of our services based on their businesses, cash flows and source of payment. Over years, we have accumulated experience in meeting financing needs of customers from major sectors such as textile, clothing and special-purpose equipment. We have over 1,000 customers spreading over more than 20 provinces since our establishment.

Our business strategy is to become the leading finance leasing company in PRC. Besides, our Group proactively undertakes the corresponding environmental, social and governance responsibilities, consistently strengthens our corporate governance, and actively serves the real economy, as well as supports for the development of SMEs, so as to make contribution to create a harmonious and sustainable social environment.

1.1.1 Corporate Governance

Our Group strictly complies with relevant laws and regulations, including but not limited to, the Company Law of the PRC (中華人民共和國公司法) and the Listing Rules. We are committed to ensuring a sound corporate governance structure and maintaining a high standard of corporate governance to safeguard the interests of investors and other stakeholders, please refer to the section headed "Corporate Governance Report" of the annual report. The governance structure of the Company is as below:



1.1.2 ESG Management

We continue to strengthen our ESG management and incorporate that into our business management to promote our Group's sustainable development, as well as realize and protect the most important interests of our investors, employees and other stakeholders. The Board proactively participates in relevant processes of ESG reporting, in which they are responsible for assessing and determining the ESG-related risk, ensuring the development of a suitable and effective ESG risk management and internal control system and finally approving the ESG policies and ESG report. ESG executive team included the Group's management and representatives of General Management Department. They are responsible for preparing ESG report and compiling information on relevant performance indicators, promoting the executor of ESG policies in all departments and reporting to the Board on the implementation of ESG project. Under the supervision of the Board and ESG executive team, each department of the Company will actively work together for the implementation of ESG report.

This ESG report prepared the rules of ESG Reporting Guide in accordance with the "Comply or Explain" as set out in the Appendix 20 of the GEM Listing Rules. During the process of preparation of this report, the working group complied with the following three reporting principles as set out below:

Reporting principles- Materiality	In consideration of the demands of internal and external stakeholders, the Group determines and prioritizes the substantive environmental and social issues based on the requirements of the "ESG Reporting Guide" and the feedbacks from the questionnaire.
Reporting principles- Quantitative	The Group conducts and publicly report the quantitative measurement to correctly evaluate the effectiveness of ESG policy and measures.
Reporting principles- Consistency	The Group adopts consistency methodology and, where feasible, makes meaningful comparisons of ESG KPI. The relevant information of this report is extracted from statistics in the internal system of our Group.

1.1.3 Improving Internal Control and Compliance

The Board is responsible for supervising the design, implementation and supervision of the risk management and internal control systems conducted by the management. The Board annually reviews the effectiveness of the risk management and internal control systems of our Group, assesses whether the risk management institutions, management process and staff deployment meet the requirements of the risk management, as well as supervises whether the overall regulatory requirements are satisfied in terms of finance, operation and compliance. The Board reports to the Shareholders the outcome of the risk management and internal control in the Corporate Governance Report for each reporting period.

1.1.4 Stakeholder Analysis

As a listed group on GEM, we place great emphasis on fulfilling its environmental, social and governance responsibilities. In addition to ensure our operation is conducted in compliance with the laws and regulations, our Group attaches great importance to communicate with the stakeholders, including government, Shareholders and investors, customers, suppliers and employees. By establishing an effective and diversified communication platform, we could timely understand their demands and actively make corresponding responses.

Stakeholders	Demands	Communication Platform	Responses
Government	Promoting economic development Anti-corruption Green operation	Government document Special report Government visit receptions On-site checking and inspection	Serving the real economy Supporting the SMEs Promoting paperless operation
Shareholders and Investors	Strengthen corporate governance	General meeting Regular notice The Group's website	Steady operation, optimising the distribution of dividend Improving operation performance
Customers	Safeguarding customers' information	Regular communication Regular visit Customer feedback Complaint mechanism	Improving service quality Strengthening the protection of customer rights and interests Enhancing the support for small and micro enterprises
Suppliers	Fair procurement	Regular assessment Customer specification	Refining management system of suppliers Establishing long-term partnership with suppliers
Employees	Employee career development Protecting employee rights and interests Employee remuneration and benefits Employee trainings	Internal website Employee trainings Mailbox of human resources department	Protecting employee basic rights and interests Refining remuneration and incentive schemes Listening to employees' opinions

1.2 Materiality Matrix

Our Group considers the demands of the stakeholders and our Group's long-term strategic development, and determines the issues based on the requirements of the ESG Reporting Guide and the feedbacks from the questionnaire.

1	Contributing to the Community	4	Protecting consumer rights and interests	7	Supporting the SMEs	10	Improving internal control and compliance	13	Serving the real economy
2	Green operation	5	Caring for employees	8	Innovating financial products	11	Employee career development		
3	Developing inclusive finance	6	Protecting employee rights and interests	9	Improving service quality	12	Improving corporate governance		

2 ECONOMIC RESPONSIBILITIES

Along with the industrial reform and equipment upgrade in China, the steady growth of China's fixed-asset investment volume creates a greater potential for the development of the finance leasing industry. Fujian Province has become one of the fastest developing provinces for the finance leasing industry in China. Our Group's growth benefits from the economic support of Fujian Province, and therefore, our Group regards enhancing its capability of serving the real economy as its own responsibility, and is dedicated to providing finance leasing services to customers, especially the SMEs. Through providing such services, we have not only achieved mutual benefits with our customers, but also provided a more convenient financing channel for the SMEs.

2.1 Serving the Real Economy

In order to satisfy the actual demand from diversified and different customers and serve the real economy development. As of 31 December 2020, the total net finance leasing for serving the real economy provided by our Group amounted to RMB309.3 million (as of 31 December 2019: RMB334.5 million).

2.2 Supporting the SMEs

In response to the national supportive policies for SMEs, our Group developed scientific and practical finance leasing plans for the SMEs based on the principles of controllable risk and sustainable business. As of 31 December 2020, the total net finance leasing for supporting for SMEs provided by the Company amounted to RMB309.3 million (as of 31 December 2019: RMB319.9 million).

2.3 Developing Inclusive Finance

Finance leasing groups undertake the mission and responsibility of developing inclusive finance due to the inherent nature of finance leasing. As one of the few small financial groups in the leasing industry of Fujian Province, our Group recognizes that we should be the vital driver for the inclusive financial system. Our Group's service targets are mainly SMEs and entrepreneurial individuals, and our Group provides financing channel to support their sustainable development and addresses their ongoing liquidity needs, as well as promotes harmonious and sustainable development to the society.

2.4 Innovating Financial Products

Following by the continuous development of finance leasing industry and the ever-changing financial regulatory environment, finance leasing industry is presented with new opportunities and challenges. On the basis of promoting traditional business model of finance leasing, our Group is proactively exploring the innovation of business development model and products, in order to fully maximizing the advantages from the Pilot Free Trade Zone. On the premise of cost-savings, our Group established scientific business management procedure and, improved risk control mechanism, thereby enhancing its management capability of assets.

2.5 Anti-financial Crime

As a quasi-financial service group, all businesses operated by our Group complied with the national and local laws and standards regarding anti-bribery and anti-money laundering. In accordance with the Anti-Money Laundering Law of the PRC (中華人民共和國反洗錢法), Anti-Money Laundering Regulations for Financial Institutions (金融機構反洗錢規定) and relevant regulations, we have established a series of internal policies and procedures, such as anti-money laundering, anti-bribery and anti-corruption, to avoid the risks of financial crime. As of 31 December 2020, there is no corruption cases in our Group, neither any outstanding or concluded litigations regarding corruption have brought against our Group or its employees.

Employees of our Group must strictly comply with the relevant local laws and regulations concerning anti-bribery and anti-corruption. Our employees shall report to the senior management and general management department and wait for feedbacks in the event that they have conflict of interest with their duties during their terms of employment. If employees find violations of relevant laws and regulations regarding corruption and bribery and the requirements of our Group, all confirmed cases will be seriously dealt with; and for the case of violation of national laws and regulations, it shall be passed to the judicial authority for handling.

Our Group has set up a leading team for anti-money laundering and the general manager shall act as the leader. The team is responsible for organizing and planning the anti-money laundering works, establishing a sound management mechanism for anti-money laundering as well as organizing and arranging the drafting and revision of relevant policies and procedures. The team will also monitor the information and status of the anti-money laundering work in accordance with actual business conditions and make corresponding recommendations, and carry out necessary promotion and training of anti-money laundering to our Directors and employees.

3 ENVIRONMENTAL RESPONSIBILITIES

3.1 Green Operation

The principal businesses operated by our Group are finance leasing, accounts receivable factoring and provision of advisory services, which are not the main sources of environmental pollution. Moreover, the principal business of our Group does not involve production activities. Thus, the total amount of emission, use of resources and production of waste are low. Notwithstanding this, our Group still places high emphasis on energy conservation and environmental protection. During the Reporting Period, we have strictly complied with relevant laws and regulations, such as Environmental Protection Law of the PRC (中華人民共和國環境保護法), Energy Conservation Law of the PRC (中華人民共和國節約能源法) and Water Law of the PRC (中華人民共和國水法). During the Reporting Period, our Group was not subject to any punishments and legal proceedings resulting from violating environmental issues.

During the Reporting Period, our Group urged and encouraged employees to focus on rational use of electricity, water conservation, green office and low-carbon travel, and identified a number of feasible measures:

Rational Use of Electricity

Use energy-efficient appliances, switch off unnecessary lighting and replace incandescent Lamps
Switch to low-energy-consumption sleep mode when not in use
Set reasonable air conditioning temperatures according to the weather, and maintain an indoor temperature of no less than 26 degrees in summer

Water Conservation

Enhance the awareness of water conservation and report to the property management promptly when there is "dripping" on the water-withdrawal equipment
Foster good water consumption habit and recycle water resources

Low-carbon Travel

Encourage employees to travel by public transportation to minimize the frequency of using official vehicles
Choose vehicles or new energy vehicles with low energy consumption and less pollution when acquiring new business vehicles

Green Office

Opt for paperless procedures wherever practicable, reduce the frequency of printing and faxes and promote two-sided printing and copying
Lower the brightness of the monitor in the extent that not affecting the viewing and turn off the monitor when not in use

3.2 Emission

Our Group recognizes that it is the responsibility for all corporations to minimize the emission of pollutants and the use of resources while mitigating carbon emission.

In 2018, our Group started to collect statistics on and calculate the amount of greenhouse gas emissions caused by our business. According to the ESG Reporting Guidance on the Environmental KPIs, the Scope I of the green house gas ("**GHG**") emissions are mainly contributed by the exhaust gas from official vehicles of the Group; Scope II GHG emissions are contributed by the indirect emissions caused by purchased electricity of our Group; and Scope III GHG emissions are contributed by the GHG emissions from the airplanes, high-speed railway and taxies for business travel by the Group's employees. Teleconferencing and network conferencing are the Group's preferred means of communication to reduce the GHG emitted by travel.

In terms of wastes, the non-hazardous wastes of our Group are mainly household wastes that are handled by the property management group of the building. On the other hand, our hazardous wastes are mainly electronic wastes in the office including ink cartridges, toner cartridges and ribbon cartridges. In order to properly dispose hazardous wastes, all used ink cartridges and toner cartridges are collected and returned to suppliers for recycling.

Gas Emission	Unit	2020
Emission of nitrogen oxides (NO_X)	(kg)	**77.88**
Emission of sulfur dioxides (SO_2)	(kg)	**0.21**
Particle emission	(kg)	**7.46**

GHG emission	Unit	2020
Scope I: Direct greenhouse gas emission (CO_2 equivalent)	Ton	**32.97**
Scope II: Energy indirect greenhouse gas emission (CO_2 equivalent)	Ton	**8.30**
Scope III: Other indirect greenhouse gas emission (CO_2 equivalent)	Ton	**9.96**
Total Greenhouse Gas Emission (CO_2 equivalent)	Ton	**51.23**
Greenhouse gas emission per capita (CO_2 equivalent)	Ton/person	**1.90**

The calculation of emission is mainly with reference to the ESG Reporting Guidance on Environmental KPIs published by the Stock Exchange.

3.3 Use of Resources

Our Group highly values the effective utilization of resources. In order to utilize resources responsibly and thereby diminishing the emission of greenhouse gas, we have set up policies to use resources efficiently and encourage and promote the awareness of energy conservation.

The resources used by the Group are mainly electricity, vehicle fuel, water supply and papers. The operation of our Group is mainly in the office, whereas water supply is provided by municipal companies. There is no problem being encountered in obtaining suitable water sources, and the monthly fixed water bill is only paid by our Group in accordance with the invoices issued by property companies.

As of 31 December 2020, our Group has no finished products and has not applied any packaging material for finished products.

During the Reporting Period, we collected the environmental data in terms of the use of resources of the headquarters of our Group and principal place of business in the PRC (located at Unit 1, 30/F, No. 77 Tai Nan Road, Siming District, Xiamen City, Fujian Province, the PRC).

Use of Resources	Unit	2020
Electricity consumption	kWh	**13,182.00**
Electricity consumption per capita	kWh/person	**527.28**
Fuel consumption	Litre	**13,968.89**
Fuel consumption per capita	Litre/person	**558.76**
Water consumption*	Ton	**3.04**
Water consumption per capita	Ton/person	**0.12**
Copy paper consumption	Ton	**0.18**
Copy paper consumption per capita	Ton/person	**0.01**

* The above information is about bottled drinking water only.

3.4 Environment and Natural Resources

Due to the nature of our business, our operation of our Group does not cause any material effect on environment and natural resources. However, we are making efforts to minimize the effect. We take a number of factors into our consideration during the procurement process, including performance on saving energy, low carbon and recyclability. We also improve employees' awareness on environmental issues and incorporate being environmentally friendly and low carbon in the Staff Handbook as a reminder. Our Group focuses on sustainable development and uphold its commitment to operate in an environmentally friendly manner.

4 SOCIAL RESPONSIBILITIES

4.1 Protecting Employee Rights and Interests

Our Group considers our employees as the most valued asset for promoting the long-term and sustainable development of our Group. We are strictly in compliance with relevant laws and regulations, such as the Labour Law of the PRC (中華人民共和國勞動法), Labour Contract Law of the PRC (中華人民共和國勞動合同法) and Social Insurance Law of the PRC (中華人民共和國社會保險法). We treat applicants and employees fairly and equally, and provide equal employment opportunity for them regardless of ethnicity, gender, religion, age, marital status and other social identities. Our Group prohibits the employment of child, forced or compulsory labour. We comply with the Protection of Minors Law of the PRC (中華人民共和國未成年人保護法) and Provisions on the Prohibition of Using Child Labour (禁止使用童工規定) and stipulated the basic requirement of employment in the Staff Handbook that all employees shall be aged 18 or above. During the Report Period, there is no event involves child employment or forced labour.

Our Group has formulated Staff Handbook according to the Labour Law of the PRC (中國勞動法) covering the policies of human resource and working conditions. Such as recruitment and promotion programme, training, performance appraisal, remuneration and welfare, working hours, leaves and other holidays (including wedding leave, compassionate leave and maternity leave). Such policies could clearly define the rights and obligations of both parties and safeguard the legal rights of the employees.

Statistics on Employee	Unit	2020
Headcount	person	**25***
Male Employee	person	**15**
Female Employee	person	**10**
Employee with Doctoral degree	person	**1**
Employee with Master degree	person	**2**
Employee with Bachelor degree	person	**16**
Employee with Diploma or below	person	**6**
Employees in Fujian Province	person	**22**
Employees outside Fujian Province	person	**3**
Employee aged 30 years old or below	person	**5**
Employee aged 31 to 50 years old	person	**20**
Full time employee	person	**25**
Part-time employee	person	**–**

* This figures does not include Qiaoxin.

Our Group attaches importance to improve the management of employee turnover. Pursuant to the relevant national laws and regulations, we standardize the procedures for departure, safeguard the legitimate rights and interests of resigned employees and ensure the stable operation of our Group.

Statistics on Employee Turnover	Unit	2020
Total turnover number	person	**5**
Total Turnover rate of employees	%	**16.67**
Turnover rate of male employees	%	**16.67**
Turnover rate of female employees	%	**16.67**
Turnover rate of employees of 30 years old or below	%	**28.57**
Turnover rate of employees from 31 to 50 years old	%	**13.04**
Turnover rate of employees over 50 years old	%	**–**
Turnover rate of employees in Fujian Province	%	**15.38**
Turnover rate of employees outside Fujian Province	%	**25.00**

4.2 Caring for Employees

4.2.1 Health and Safety

Our Group always values employees' health and safety. We provide medical examination for our employees annually and have maintained personal medical and accident insurance for them. Our Group paid RMB23,732 (2019: RMB131,228) for medical examination and employees' insurance in 2020. In order to better protect employees' rights and interests, the Group purchased additional traffic accident insurance and accident injury insurance for them in 2020. Additionally, we conduct fire drill regularly every year to improve employees' safety skills, thus lowering the occupational safety risk of the staff.

We implement a working hour system of not working more than 8 hours a day and not more than 40 hours a week, which complies with the requirements of national and local government. We do not suggest overtime work and encourage employees to do exercise after work.

During the Reporting Period, there was no work-related death or injury of employees at the workplace for the past three years.

4.2.2 Employee Care

Our Group proactively carried out employee caring activities and created a quality working environment for employees. We also focus on their work-life balance, in which we actively organized a variety of activities, such as rock climbing and team building activities, to develop their friendship and foster an united and friendly corporate atmosphere and thereby heightening their belongingness and well-being.

4.3 Staff Career Development

4.3.1 Training

Our Group attaches great importance to employee training. We provide employees with diverse on-the-job training to enhance their work capabilities and strengthen our competitiveness. In accordance with the requirements of the Staff Handbook, induction trainings are provided for newly recruited employees to help them familiarize with our corporate culture and group background. Based on our development and work duties, specialized business trainings, including but not limited to sharing of direct leasing business expansion, requirements for preparing project proposals and key analysis, were provided for employees. To ensure our Group acts in compliance with finance and tax laws and regulations, various finance trainings were organized to keep finance staffs abreast of the latest developments in laws and regulations, including but not limited to trainings on the analysis of corporate financial statements and tax and fee reductions and training delivered by Golden Finance. Affiliated person seminars organized by the Hong Kong Institute of Chartered Secretaries, trainings on the disclosure of interests in shares, and directors and senior management's trainings were held to ensure our compliance with the Listing Rules. We also carried out a monthly themed employee training programme to encourage our employees to share their personal skills and knowledge as trainers and enhance the Company's learning environment, including but not limited to trainings on cervical and lumbar spine care in the office, brand theory research, and anti-money laundering.

Statistics on Staff Trainings	Unit	2020
Total training time	Hour(s)	**243**
Training time per capita	Hour(s)/Participant(s)	**9.72**
Average training time per senior staff	Hour(s)/Participant(s)	**15.00**
Average training time per middle level staff	Hour(s)/Participant(s)	**10.86**
Average training time per bottom level staff	Hour(s)/Participant(s)	**8.13**
Average training time per male staff	Hour(s)/Participant(s)	**4.00**
Average training time per female staff	Hour(s)/Participant(s)	**18.3**

4.3.2 Promotion and Development

Our Group offers employees with career ladders not merely a job. In addition to diverse trainings, our Group encourages employees to enhance their own performance through a well-established performance appraisal system and management measures on promotion. Official evaluation on employees' performance will be conducted on an annual basis. Furthermore, employees will discuss the performance evaluation report for the year with the persons-in-charge of the departments they work in.

4.4 Honours and Awards

Our Group was awarded the "Biggest Taxpayer" by the Administration of the Xiamen Area of China (Fujian) Pilot Free Trade Zone (中國（福建）自由貿易試驗區廈門區管理委員會) in August 2020.

4.5 Suppliers

Our suppliers are mainly from Fujian Province. They mainly include suppliers providing finance lease equipment and hardware and software such as office supplies.

Our Group believes that establishing sustainable supply chains and facilitating interaction and communication with suppliers can boost confidence in our Group among customers and other stakeholders. Therefore, our Group only sustains long-term cooperation relationships with suppliers which possess high credibility, stable reputation, high-quality products and services as well as sound records and act in compliance with laws.

We have formulated management systems for evaluation, selection and supervision of suppliers. In regard to the supplier evaluation, suppliers which provide better quality will be opted for within reachable scope in a bid to cut down unnecessary loss and reduce resource waste. Meanwhile, our Group also considers environmental factors, and selects suppliers which produce products with low pollution and low energy consumption. Following the selection of suppliers, our Group will oversee the performance of suppliers on an ongoing basis. If there are issues concerning the quality, environment and social responsibility, our Group will immediately terminate its cooperation with them. Our Group is not aware of any significant actual or potential negative influences caused by any supplier's lack of business ethics or improper environmental and labour protection measures.

4.6 Improving Service Quality

Our Group will provide customized finance leasing services based on the equipment required by business operation of customers. Furthermore, our Group provides value-added consultancy services for customers. Our Group has extensive experience and stable management team, which enables us to deliver reliable and efficient services to customers.

In 2020, we provide services to 227 different customers. Our Group places great emphasis on opinions and complaints from each customer. Complaints and related matters from customers will be handled by Operation Management Department in a timely manner and will be reported to the general manager and deputy general manager. We will continue to optimize our complaint-handled mechanism, enhance service management standards and increase customers' satisfaction.

During the Reporting Period, we have not received any complaints from customers.

4.7 Protecting Consumer Rights and Interests

We strictly comply with the Consumer Protection Law of the PRC (中華人民共和國消費者權益保護法), the Company Law of the PRC (中華人民共和國公司法) and the Contract Law of the PRC (中華人民共和國合同法). To protect legitimate rights and interests of customers and safeguard the safety of customer information, we have formulated Records Management System (檔案管理制度) and Confidentiality System (保密制度), which set out procedures for handling customers and group materials by employees, and required them to strictly comply with the relevant procedures. For instance, for confidential documents, information and other items, we have set up a specialized record room for storage, prohibited copying and extraction without approval of general manager.

4.8 Contributing to the Community

Since the incorporation of our Group, we are committed to making continuous contribution for building stable and sustainable society. During the Reporting Period, our Group took an active part in public welfare activities and encouraged employees to participate in donation activities initiated by Water Drop Fundraising (水滴籌) and green acts organised by Ant Forest (螞蟻森林) to give back to the society with love and make the planet greener.

ESG INDICATOR INDEX		
	Mandatory Disclosure	**Sections**
Governance Structure	(i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	**1.1.2 ESG Management**
Reporting principles – Materiality	(i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement.	**1.1.2 ESG Management** **1.1.4 Stakeholder Analysis**
Reporting principles – Quantitative	Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.	**1.1.2 ESG Management**
Reporting principles – Consistency	The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	**1.1.2 ESG Management**
Scope of Report	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	**About the Report**

ESG INDICATOR INDEX		
	General Disclosures and KPIs	**Sections**
A1 Emission		
A1.1	The types of emissions and respective emissions data.	**3.2 Emission**
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	**3.2 Emission**
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	**Due to the nature of business, our Group is not aware of any significant hazardous solid waste produced.**
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	**3.2 Emission**
A1.5	Description of emission target(s) set and steps taken to achieve them.	**Due to the nature of our business, the Group considers that emissions and wastes are not the most important issues, on which no detailed objects are established. Our Group will oversee the relevant operations and environmental protection performance on an ongoing basis, and consider establishing appropriate objects.**
A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	
A2 Use of Resources		
A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	**3.3 Use of Resources**
A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	**3.3 Use of Resources**
A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	**Due to the nature of our business, the Group considers that energies and water are not the most important issues, on which no detailed objects are established. Our Group will oversee the relevant operations and environmental protection performance on an ongoing basis, and consider establishing appropriate objects.**
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	

ESG INDICATOR INDEX		
	General Disclosures and KPIs	**Sections**
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	**A2.5 is not applicable to our Group.**
A3 The Environment and Natural Resources		
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	**A3.1 is not applicable to our Group.**
A4 Climate Change		
A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	**The Group does not engage in production and manufacturing, so the climate change is no considered to have any material impact on the Group.**
B1 Employment		
B1.1	Total workforce by gender, employment type, age group and geographical region.	**4.1 Protecting Employee Rights and Interests**
B1.2	Employee turnover rate by gender, age group and geographical region.	**4.1 Protecting Employee Rights and Interests**
B2 Health and Safety		
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	**4.2.1 Health and Safety**
B2.2	Lost days due to work injury.	**4.2.1 Health and Safety**
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	**4.2.1 Health and Safety**
B3 Development and Training		
B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	**4.3.1 Training**
B3.2	The average training hours completed per employee by gender and employee category.	**4.3.1 Training**
B4 Labour Standards		
B4.1	Description of measures to review employment practices to avoid child and forced labour.	**4.1 Protecting Employee Rights and Interests**
B4.2	Description of steps taken to eliminate such practices when discovered.	**4.1 Protecting Employee Rights and Interests**

ESG INDICATOR INDEX		
	General Disclosures and KPIs	**Sections**
B5 Supply Chain Management		
B5.1	Number of suppliers by geographical region.	**4.5 Suppliers**
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	**4.5 Suppliers**
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	**4.5 Suppliers**
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	**4.5 Suppliers**
B6 Product Responsibility		
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	**B6.1 is not applicable to our Group.**
B6.2	Number of products and service-related complaints received and how they are dealt with.	**4.6 Improving Service Quality**
B6.3	Description of practices relating to observing and protecting intellectual property rights.	**B6.3 is not applicable to our Group.**
B6.4	Description of quality assurance process and recall procedures.	**B6.4 is not applicable to our Group.**
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	**4.7 Protecting Consumer Rights and Interests**
B7 Anti-Corruption		
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	**2.5 Anti-financial Crime**
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	**2.5 Anti-financial Crime**
B7.3	Description of anti-corruption training provided to directors and staff.	**2.5 Anti-financial Crime**
B8 Community Investment		
B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	**4.8 Contributing to the Community**
B8.2	Resources contributed (e.g., money or time) to the focus area.	**4.8 Contributing to the Community**

Independent Auditor's Report

To the shareholders of Baiying Holdings Group Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Baiying Holdings Group Limited ("the Company") and its subsidiaries ("the Group") set out on pages 72 to 133, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *HKICPA's Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (Continued)

Allowances for impairment losses of finance lease receivables and loans and receivables

Refer to note 15 and 16 to the consolidated financial statements and the accounting policies on page 80.

The Key Audit Matter	How the matter was addressed in our audit
As at 31 December 2020, the balance of finance lease receivables and loans and receivables of the Group amounted to approximately RMB279.2 million, representing approximately 70.5% of the Group's total assets. Allowances for impairment losses of finance lease receivables and loans and receivables amounting to approximately RMB37.9 million, were provided by management. The Group uses the expected credit loss ("ECL") model to calculate the loss allowance in accordance with HKFRS 9, Financial instruments ("HKFRS 9"). The Group classifies finance lease receivables and loans and receivables into three stages and recognizes an impairment allowance based on the expected credit loss for the next 12 months or the entire lifetime of the receivable, depending on whether credit risk on that receivable has increased significantly since initial recognition.	Our audit procedures to assess allowances for impairment losses of finance lease receivables and loans and receivables included the following: • understanding and assessing the design, implementation and operating effectiveness of key internal controls of financial reporting over the approval, recording and monitoring of finance lease receivables and loans and receivables, the identification of the three stages of ECL model, and the measurement of impairment loss allowances. • with the assistance of our internal specialists, assessing the reliability of the expected credit loss model used by management in determining allowances for impairment losses, and the appropriateness of the key parameters and assumptions in the expected credit loss model, which includes the identification of credit-impaired stage, probability of default, loss given default, exposure at default, adjustments for forward-looking information and other management adjustments.

KEY AUDIT MATTERS (Continued)

Allowances for impairment losses of finance lease receivables and loans and receivables (continued)

Refer to note 15 and 16 to the consolidated financial statements and the accounting policies on page 80.

The Key Audit Matter	How the matter was addressed in our audit
The determination of allowances for impairment losses using the ECL model is subject to a number of key parameters and assumptions, including the identification of credit-impaired stage, estimates of probability of default, loss given default, exposures at default, adjustments for forward-looking information and other adjustment factors. Management judgement is involved in the selection of those parameters and the application of the assumptions. We identified the impairment of finance lease receivables and loans and receivables as a key audit matter because of the inherent uncertainty and management judgement involved and because of its significance to the financial results and capital of the Group.	• assessing the completeness and accuracy of data used for the key parameters in the expected credit loss model: • for key parameters derived from internal data relating to the finance leasing and loans agreements, by selecting samples and comparing individual finance lease receivables and loans and receivables information with the underlying agreements and other related documentation to assess the accuracy of compilation of the finance lease receivables and loans and receivables list. • for key parameters involving judgement, by seeking evidence from external sources and comparing to the Group's internal records including historical loss experience and type of collateral and leased asset. As part of these procedures, we challenged management's revisions to estimates and input parameters compared with prior period and considered the consistency of judgement. We compared the economic factors used in the models with market information to assess whether they were aligned with market and economic development.

KEY AUDIT MATTERS (Continued)

Allowances for impairment losses of finance lease receivables and loans and receivables (continued) *Refer to note 15 and 16 to the consolidated financial statements and the accounting policies on page 80.*	
The Key Audit Matter	**How the matter was addressed in our audit**
	• for selected samples of finance lease receivables and loans and receivables that are credit-impaired, evaluating management's assessment of the value of any property collateral held by comparison with market prices based on the location and use of the property and the prices of neighbouring properties. We also evaluated the timing and means of realisation of collateral, evaluated the forecast cash flows, challenged the viability of the Group's recovery plans and evaluated other credit enhancements that are integral to the contract terms. • recalculating the amount of credit losses for 12 month and life time credit losses using the expected credit loss model based on the above parameters and assumptions for a sample of finance lease receivables and loans and receivables where the credit risk of the finance lease receivables and loans and receivables has not, or has, increased significantly since initial recognition, respectively. • evaluating whether the disclosures on impairment of finance lease receivables and loans and receivables meet the disclosure requirements of HKFRS 7 Financial instruments: Disclosures.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Choi Ching Hin.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020
(Expressed in Renminbi)

	Note	2020 RMB	2019 RMB
Interest income		**31,301,597**	52,687,378
Advisory fee income		**776,278**	1,866,103
Revenue	*3*	**32,077,875**	54,553,481
Other net income	*4*	**5,074,317**	2,901,132
Interest expense	*5*	**(6,701,712)**	(11,685,216)
Operating expense		**(14,007,382)**	(12,933,931)
Impairment losses charged	*6*	**(6,492,775)**	(6,862,778)
Profit before taxation	*7*	**9,950,323**	25,972,688
Income tax expense	*8*	**(3,622,181)**	(6,814,865)
Profit for the year		**6,328,142**	19,157,823
Attributable to:			
Equity shareholders of the Company		**6,328,142**	19,157,823
Profit for the year		**6,328,142**	19,157,823
Earnings per share	*11*		
Basic and diluted (RMB cents)		**2.34**	7.10

The notes on page 78 to 133 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 25(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020
(Expressed in Renminbi)

	Note	2020 RMB	2019 RMB
Profit for the year		**6,328,142**	19,157,823
Other comprehensive income for the year (after tax)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of operations outside the mainland China	*26(b)(i)*	**322,399**	(215,274)
Total comprehensive income for the year		**6,650,541**	18,942,549
Attributable to:			
Equity shareholders of the Company		**6,650,541**	18,942,549
Total comprehensive income for the year		**6,650,541**	18,942,549

The notes on page 78 to 133 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2020
(Expressed in Renminbi)

	Note	31 December 2020 RMB	31 December 2019 RMB
Non-current assets			
Property, plant and equipment	*12*	**22,336,193**	1,741,883
Intangible assets	*13*	**528,296**	618,676
Loans and receivables	*15*	**62,673,159**	74,444,835
Finance lease receivables	*16*	**5,576,558**	33,239,998
Trade and other receivables	*17*	**67,925**	291,453
Deferred tax assets	*24(b)*	**8,402,808**	7,471,121
		99,584,939	117,807,966
Current assets			
Loans and receivables	*15*	**111,643,673**	75,246,910
Finance lease receivables	*16*	**99,326,730**	151,058,651
Trade and other receivables	*17*	**6,109,829**	1,717,303
Financial assets at fair value through profit or loss	*18*	**51,574,955**	24,013,159
Pledged and restricted deposits	*19*	**1,743,148**	–
Cash and cash equivalents	*20*	**26,245,251**	71,298,721
		296,643,586	323,334,744
Current liabilities			
Borrowings	*21*	**44,806,661**	82,734,380
Trade and other liabilities	*22*	**32,887,081**	33,246,001
Lease liabilities	*23*	**355,981**	900,631
Income tax payable	*24(a)*	**4,273,021**	7,483,166
		82,322,744	124,364,178
Net current assets		**214,320,842**	198,970,566
Total assets less current liabilities		**313,905,781**	316,778,532

The notes on page 78 to 133 form part of these financial statements.

At 31 December 2020
(Expressed in Renminbi)

	Note	31 December 2020 RMB	31 December 2019 RMB
Non-current liabilities			
Trade and other liabilities	*22*	**22,346,381**	32,181,701
Lease liabilities	*23*	**–**	337,972
Deferred tax liabilities	*24(b)*	**650,000**	–
		22,996,381	32,519,673
NET ASSETS		**290,909,400**	284,258,859
CAPITAL AND RESERVES			
Share capital	*25(c)*	**2,301,857**	2,301,857
Share premium	*25(d)*	**238,097,760**	238,097,760
Reserves	*25(e)*	**50,509,783**	43,859,242
TOTAL EQUITY		**290,909,400**	284,258,859

Approved and authorised for issue by the board of directors on 25 March 2021.

Huang Dake
Director

Chen Xinwei
Director

The notes on page 78 to 133 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company						
	Share capital (note 25(c)) RMB	Share premium (note 25(d)) RMB	Capital reserve (note 25(e)(i)) RMB	Surplus reserve (note 25(e)(ii)) RMB	Exchange reserve (note 25(e)(iii)) RMB	Retained profits RMB	Total equity RMB
Balance at 1 January 2019	2,301,857	238,097,760	(6,640,176)	6,474,393	1,660,662	28,410,507	270,305,003
Changes in equity for 2019:							
Profit for the year	–	–	–	–	–	19,157,823	19,157,823
Other comprehensive income	–	–	–	–	(215,274)	–	(215,274)
Total comprehensive income	–	–	–	–	(215,274)	19,157,823	18,942,549
Appropriation to statutory reserve	–	–	–	2,055,965	–	(2,055,965)	–
Dividends approved in respect of the previous year	–	–	–	–	–	(4,988,693)	(4,988,693)
Balance at 31 December 2019 and 1 January 2020	**2,301,857**	**238,097,760**	**(6,640,176)**	**8,530,358**	**1,445,388**	**40,523,672**	**284,258,859**
Changes in equity for 2020:							
Profit for the year	**–**	**–**	**–**	**–**	**–**	**6,328,142**	**6,328,142**
Other comprehensive income	**–**	**–**	**–**	**–**	**322,399**	**–**	**322,399**
Total comprehensive income	**–**	**–**	**–**	**–**	**322,399**	**6,328,142**	**6,650,541**
Appropriation to statutory reserve	**–**	**–**	**–**	**834,145**	**–**	**(834,145)**	**–**
Balance at 31 December 2020	**2,301,857**	**238,097,760**	**(6,640,176)**	**9,364,503**	**1,767,787**	**46,017,669**	**290,909,400**

The notes on page 78 to 133 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2020
(Expressed in Renminbi)

	Note	2020 RMB	2019 RMB
Operating activities			
Cash generated from operations	*20(b)*	**49,658,265**	95,631,779
Taxes paid	*24(a)*	**(7,114,013)**	(5,966,668)
Net cash generated from operating activities		**42,544,252**	89,665,111
Investing activities			
Interest received from deposits with financial institutions	*4*	**350,118**	224,700
Proceeds from disposal and redemption of investments		**501,835,845**	800,142,999
Proceeds from disposal of equipment		**200**	3,110
Payments on acquisition of investments		**(526,634,628)**	(823,358,699)
Payment of purchase of property, plant and equipment		**(21,643,539)**	(105,616)
Payment for purchase of intangible assets		**–**	(424,366)
Advances to related parties		**(39,100,000)**	(111,000,000)
Repayment from related parties		**40,080,485**	112,279,618
Net cash used in investing activities		**(45,111,519)**	(22,238,254)
Financing activities			
Proceeds from borrowings	*20(c)*	**101,970,000**	84,400,000
Repayment of borrowings	*20(c)*	**(139,954,380)**	(166,665,620)
Advances from a related party		**1,725,362**	30,000,000
Repayment to a related party		**(2,019,936)**	(30,000,000)
Capital element of lease rentals paid		**(882,622)**	(849,366)
Interest element of lease rentals paid		**(47,378)**	(92,634)
Other interest paid		**(3,599,648)**	(6,318,742)
Dividends paid to equity shareholders of the Company		**–**	(4,988,693)
Net cash used in financing activities		**(42,808,602)**	(94,515,055)
Net decrease in cash and cash equivalents		**(45,375,869)**	(27,088,198)
Cash and cash equivalents at 1 January		**71,298,721**	98,602,193
Effect of foreign exchange rate changes		**322,399**	(215,274)
Cash and cash equivalents at 31 December	*20(a)*	**26,245,251**	71,298,721

The notes on page 78 to 133 form part of these financial statements.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 5 June 2017.

To rationalise the corporate structure in preparation of the listing of the Company's shares on GEM of the Stock Exchange of Hong Kong Limited (the "**GEM of the Stock Exchange**"), the Company and its subsidiaries (together referred to as the "**Group**") underwent a reorganisation (the "**Reorganisation**"). Upon completion of the Reorganisation on 16 November 2017, the Company became the Group's holding company.

The Company's issued shares have been listed on GEM of the Stock Exchange since 18 July 2018 (the "**Listing**").

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "**Group**").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets measured at fair value through profit or loss (FVTPL) are stated at fair value as explained in note 1(e).

The preparation of financial statements in conformity with HKFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*

- Amendment to HKFRS 16, *COVID-19-Related Rent Concessions*

None of the amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-Group balances, transactions and cash flows and any unrealized profits arising from intra-Group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-Group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(k) or (l) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(e)(vi)), unless the investment is classified as held for sale (or included in a disposal Group that is classified as held for sale).

(e) Financial Instruments

(i) Recognition and initial measurement

The Group initially recognises financial asset or financial liability on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. The fair value of a financial instrument at initial recognition is generally its transaction price.

(ii) Classification

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("**SPPI**").

A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of a financial instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (Continued)

(iii) Derecognition

a. *Financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

Any cumulative gain/loss recognised in OCI in respect of financial instruments designated as at FVOCI is not recognised in profit or loss on derecognition of such financial instruments. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability.

b. *Financial liabilities*

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under HKFRS Standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

(v) Fair value measurement

If there is an active market for a financial asset or financial liability, the quoted price in the active market without adjusting for transaction costs that may be incurred upon future disposal or settlement is used to establish the fair value of the financial asset or financial liability.

If no active market exists for a financial instrument, a valuation technique is used to establish the fair value. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models. Where discounted cash flow technique is used, future cash flows are estimated based on management's best estimates and the discount rate used is the prevailing market rate applicable for instrument with similar terms and conditions at the end of each reporting period. Where other pricing models are used, inputs are based on market data at the end of each reporting period.

In estimating the fair value of a financial asset and financial liability, the Group considers all factors including, but not limited to, risk-free interest rate, credit risk, foreign exchange rate and market volatility, that are likely to affect the fair value of the financial asset and financial liability.

The Group obtains market data from the same market where the financial instrument was originated or purchased.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (Continued)

(vi) Credit losses and impairment of assets

a. *Credit losses from financial instruments and finance lease receivables*

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, trade and other receivables, and loans and receivables);

– finance lease receivables.

Other financial assets measured at fair value, including equity securities, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– loans and receivables: discount rate used in the measurement of loans and receivables;

– finance lease receivables: discount rate used in the measurement of the finance lease receivables;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (Continued)

(vi) Credit losses and impairment of assets (Continued)

a. Credit losses from financial instruments and finance lease receivables (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, finance lease receivables and loans and receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a allowance for impairment losses equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the allowance for impairment losses is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (Continued)

(vi) Credit losses and impairment of assets (Continued)

a. Credit losses from financial instruments and finance lease receivables (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the allowance for impairment losses is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 1(p)(i) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less allowance for impairment losses) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or finance lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (Continued)

(vi) Credit losses and impairment of assets (Continued)

b. Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment, including right-of-use assets;

– intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Financial Instruments (Continued)

(vi) Credit losses and impairment of assets (Continued)

c. *Interim financial reporting and impairment*

Under the GEM Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year.

(f) Property, plant and equipment

The following items of property, plant and equipment held for own use are stated at cost less accumulated depreciation and impairment losses (see note 1(e)(vi)):

– right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

– items of equipment.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see note 1(e)(vi)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Leasehold properties are depreciated over the unexpired term of lease

– Motor vehicles 4 years

– Office equipment 3-5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (see note 1(e)(vi)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

	Estimate useful life
Software	10 years

Both the period and method of amortisation are reviewed annually.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability. Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 1(e)(vi)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leased assets (Continued)

(i) As a lessee (Continued)

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("**lease modification**") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 Leases. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis.

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption, then the Group classifies the sub-lease as an operating lease.

(i) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(e)(vi)).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(k) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs.

(m) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pursuant to the relevant laws and regulations of the People's Republic of China (the "**PRC**"), the Group's subsidiaries in the PRC have joined defined contributions for the employees, such as basic pension scheme, housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes contributions to the above mentioned schemes at the applicable rates based on the amounts stipulated by the government organisation. The contributions are charged to the consolidated statement of profit or loss on an accrual basis.

(n) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash payments and receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(e)(vi)).

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Revenue and other income (Continued)

(ii) Advisory fee income

The Group collects advisory fee by providing consulting services to customers.

(a) If one of the following conditions is met, the Group will recognize the revenue according to the performance progress in the period:

- the customer obtains the economic benefits through the Group's performance;
- the customer is able to control the services performed by the Group in the performance process;
- the services performed by the Group in the performance process have irreplaceable uses, and the Group has the right to collect the payment for the part of performance that has been completed.

(b) In other cases, the Group recognizes the revenue when the customer obtains the relevant service control right.

(iii) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(q) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The result of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

For the year ended 31 December 2020, the directors have determined that the Group has only one single business component/reportable segment as the Group is principally engaged in providing finance leasing service which is the basis to allocate resources and assess performance of the Group.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. For the purpose of segment information disclosures under HKFRS 8, the Group regarded the PRC as its country of domicile. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

- Note 1(e)(vi): establishing the criteria for determining whether credit risk on the financial asset has increased significantly since initial recognition, determining methodology for incorporating forward-looking information into measurement of ECL and selection and approval of models used to measure ECL.

- Note 1(e)(ii): classification of financial assets: assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2020 is included in the following notes.

– Note 1(e)(vi): impairment of financial instruments: determining inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

– Note 1(n): recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

3 REVENUE SEGMENT REPORTING

The principal activities of the Group are providing equipment based financing solutions, factoring services and value-added advisory services to customers in the PRC.

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

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

	Note	**2020 RMB**	2019 RMB
Interest income arising from			
Finance lease receivables	*(i)*	**8,082,350**	40,152,185
Receivables from sale – leaseback transaction under loans and receivables		**20,848,568**	12,339,760
Factoring receivables		**2,370,679**	195,433
		31,301,597	52,687,378
Advisory fee income	*(ii)*	**776,278**	1,866,103
		32,077,875	54,553,481

(i) The Group has one lessee for the year ended 2020 and 2019 respectively, with whom transactions have exceeded 10% of the Group's aggregate revenues. Such revenue from the lessees is set out below:

	2020 RMB	2019 RMB
Lessee A	**3,562,597**	*
Lessee B	*****	5,434,285

Note: *Revenue from lessee B was less than 10% for the year ended 31 December 2020.

(ii) Advisory fee income arises from contracts with customers within the scope of HKFRS 15, and is recognised at point in time.

(Expressed in Renminbi unless otherwise indicated)

4 OTHER NET INCOME

	Note	**2020 RMB**	2019 RMB
Net realised and unrealised profit/(losses) on financial assets at fair value through profit or loss		**1,778,879**	(256,088)
Investment income from wealth management products		**984,134**	1,053,547
Interest income from deposits with financial institutions		**350,118**	224,700
Government grants	*(i)*	**942,085**	552,500
Interest income from loan to related parties	*28(c)*	**980,485**	1,279,618
Foreign exchange gains		**290**	–
Others		**38,326**	46,855
		5,074,317	2,901,132

(i) The government grants were provided to the Group for its support to small and medium enterprises. During the year ended 31 December 2020, RMB942,085 of the government grants was aimed to support the Group's operation and remedy the effect of COVID-19.

5 INTEREST EXPENSE

	2020 RMB	2019 RMB
Borrowings	**3,656,309**	6,549,598
Imputed interest expense on interest-free guaranteed deposits from lessees	**2,998,025**	5,042,984
Interest on lease liabilities	**47,378**	92,634
	6,701,712	11,685,216

6 IMPAIRMENT LOSSES CHARGED

	Note	**2020 RMB**	2019 RMB
Loans and receivables	*15*	**6,679,602**	5,187,790
Finance lease receivables	*16(b)*	**(385,583)**	1,629,039
Trade and other receivables	*17*	**198,756**	45,949
		6,492,775	6,862,778

(Expressed in Renminbi unless otherwise indicated)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2020 RMB	2019 RMB
(a) Staff cost		
Contributions to defined contribution retirement plan	**27,905**	223,776
Salaries, wages and other benefits	**5,145,253**	5,588,880
Sub-total	**5,173,158**	5,812,656
(b) Other items		
Amortisation cost of intangible assets	**90,380**	72,699
Depreciation charge		
– owned property, plant and equipment	**179,945**	153,136
– right-of-use assets	**869,084**	880,455
Auditor's remuneration		
– audit services	**660,377**	660,377
– other services	**400,000**	584,906
Consulting expenses	**1,886,792**	–
Legal expenses	**944,516**	681,623

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statements of profit or loss:

	Note	2020 RMB	2019 RMB
Current			
– PRC Enterprise Income Tax ("**EIT**") Provision for the year		**3,794,540**	8,336,282
– Over-provision in prior years		**109,328**	26,747
Deferred tax			
– Origination of temporary differences	*24(b)*	**(281,687)**	(1,548,164)
		3,622,181	6,814,865

(Expressed in Renminbi unless otherwise indicated)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Note	**2020 RMB**	2019 RMB
Profit before taxation		**9,950,323**	25,972,688
Notional tax on profit before taxation, calculated at the rates applicable in the jurisdictions concerned		**3,480,103**	6,766,681
Tax effect of non-deductible expenses	*(i)*	**32,750**	21,437
Over-provision in prior years		**109,328**	26,747
Income tax expense for the year		**3,622,181**	6,814,865

(i) Non-deductible expenses consist of entertainment and welfare expenses, which exceed the tax deduction limits in accordance with PRC tax regulations.

(ii) Pursuant to the rules and regulation of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI, respectively.

(iii) No provision for Hong Kong Profits Tax has been made for the Company and Byleasing Capital Limited (the "**Byleasing Capital**") as the Company and Byleasing Capital had not derived any income subject to Hong Kong Profits Tax during the year (2019: nil).

(iv) Pursuant to the CIT Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10%, (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax.

(Expressed in Renminbi unless otherwise indicated)

9 DIRECTORS' EMOLUMENTS

Directors' remuneration is as follows:

	Year ended 31 December 2020				
	Fees RMB	Salaries, allowances and benefits in kind RMB	Discretionary bonuses RMB	Retirement scheme contributions RMB	Total RMB
Executive Directors					
Zhou Shiyuan (周士淵)	–	–	–	–	–
Chen Xinwei (陳欣慰)	–	–	–	–	–
Huang Dake (黃大柯)	–	580,095	96,500	786	677,381
Non-executive Director					
Ke Jinding (柯金錫)	–	–	–	–	–
Independent non-executive Directors					
Tu Liandong (涂連東)	–	60,000	–	–	60,000
Xie Mianbi (謝綿陛)	–	60,000	–	–	60,000
Chen Chaolin (陳朝琳)	–	60,000	–	–	60,000
Total	–	760,095	96,500	786	857,381

	Year ended 31 December 2019				
	Fees RMB	Salaries, allowances and benefits in kind RMB	Discretionary bonuses RMB	Retirement scheme contributions RMB	Total RMB
Executive Directors					
Zhou Shiyuan (周士淵)	–	–	–	–	–
Chen Xinwei (陳欣慰)	–	–	–	–	–
Huang Dake (黃大柯)	–	570,414	140,000	9,042	719,456
Non-executive Director					
Ke Jinding (柯金錫)	–	–	–	–	–
Independent non-executive Directors					
Tu Liandong (涂連東)	–	60,000	–	–	60,000
Xie Mianbi (謝綿陛)	–	60,000	–	–	60,000
Chen Chaolin (陳朝琳)	–	60,000	–	–	60,000
Total	–	750,414	140,000	9,042	899,456

During the year ended 31 December 2020, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as a compensation for loss of office.

(Expressed in Renminbi unless otherwise indicated)

10 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, there is one (2019: one) director of the Group whose emoluments are disclosed in note 9.

The aggregate of the emoluments in respect of the other individuals for the years ended 31 December 2019 and 2020 are as follows:

	2020 **RMB**	2019 RMB
Salaries, allowances and benefits in kind	**1,036,637**	1,114,572
Discretionary bonuses	**84,075**	119,535
Retirement scheme contributions	**4,908**	29,676
Total	**1,125,620**	1,263,783

The emoluments of the four (2019: four) individuals with the highest emoluments are all within the following band:

	2020	2019
Nil-HKD1,000,000	**4**	4

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB6,328,142 (2019: RMB19,157,823) and the weighted average of 270,000,000 ordinary shares (2019: 270,000,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2020	2019
Issued ordinary shares at 1 January	**270,000,000**	270,000,000
Effect of Capitalisation Issue	**–**	–
Effect of issuance of shares through the Listing	**–**	–
Weighted average number of ordinary shares at 31 December	**270,000,000**	270,000,000

(b) Diluted earnings per share

There were no potential dilutive ordinary shares outstanding during the year ended 2020 (2019: nil), and hence the diluted earnings per share are the same as basic earnings per share.

(Expressed in Renminbi unless otherwise indicated)

12 PROPERTY, PLANT AND EQUIPMENT

	Motor vehicles RMB	Office equipment RMB	Right-of-use assets RMB	Construction in progress RMB	Total RMB
Cost					
As at 1 January 2019	904,859	930,240	2,087,969	–	3,923,068
Additions	–	105,616	–	–	105,616
Disposal	–	(4,200)	–	–	(4,200)
As at 31 December 2019/1 January 2020	904,859	1,031,656	2,087,969	–	4,024,484
Additions	–	66,760	–	21,576,779	21,643,539
Disposal	–	(3,573)	–	–	(3,573)
As at 31 December 2020	904,859	1,094,843	2,087,969	21,576,779	25,664,450
Accumulated depreciation					
As at 1 January 2019	449,448	799,562	–	–	1,249,010
Charge for the year	115,477	37,659	880,455	–	1,033,591
As at 31 December 2019/1 January 2020	564,925	837,221	880,455	–	2,282,601
Charge for the year	124,046	55,899	869,084	–	1,049,029
Disposals	–	(3,373)	–	–	(3,373)
As at 31 December 2020	688,971	889,747	1,749,539	–	3,328,257
Net carrying amount					
As at 31 December 2019	339,934	194,435	1,207,514	–	1,741,883
As at 31 December 2020	215,888	205,096	338,430	21,576,779	22,336,193

(Expressed in Renminbi unless otherwise indicated)

13 INTANGIBLE ASSETS

	2020 RMB	2019 RMB
Cost		
At the beginning of the year	**923,258**	498,892
Additions	**–**	424,366
At the end of the year	**923,258**	923,258
Accumulated amortisation		
At the beginning of the year	**304,582**	231,883
Charge for the year	**90,380**	72,699
At the end of the year	**394,962**	304,582
Carrying amount		
At the beginning of the year	**618,676**	267,009
At the end of the year	**528,296**	618,676

Intangible assets mainly represent the enterprise system software.

(Expressed in Renminbi unless otherwise indicated)

14 INTERESTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

				Proportion of ownership interest		
Name of company	Place and date of incorporation/ establishment	Place of incorporation and kind of legal entity	Particulars of issued and paid-up capital	Held by the Company	Held by the subsidiary	Principal activities
Byleasing Capital	BVI 15 June 2017	BVI Ltd	US$1	100%	–	Investment holding
Hong Kong Byleasing Holding Co., Limited ("**Hong Kong Byleasing**")	Hong Kong 8 January 2015	Hong Kong Ltd	RMB100,000,000	–	100%	Investment holding
Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司) ("**Xiamen Byleasing**")	People's Republic of China 9 March 2010	The PRC Ltd	RMB237,000,000	–	100%	Finance leasing
Shanghai Baiying Commercial Factoring Co., Ltd.* (上海百應商業保理有限責任公司) ("**Shanghai Byleasing**")	People's Republic of China 11 January 2019	The PRC Ltd	RMB50,000,000	–	100%	Commercial Factoring
Fujian Yongchun Qiaoxin Vinegar Co., Ltd. *(福建永春僑新老醋有限責任公司) ("**Qiaoxin**")	People's Republic of China 23 April 2020	The PRC Ltd	RMB50,000,000	–	100%	Manufacture and sale of condiment products

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

(Expressed in Renminbi unless otherwise indicated)

15 LOANS AND RECEIVABLES

	Note	**2020 RMB**	2019 RMB
Factoring receivables with recourse		**7,753,084**	31,838,112
Less: Allowances for impairment losses		**(215,867)**	(491,013)
Sub-total	*(i)*	**7,537,217**	31,347,099
Receivables from sale-leaseback transaction		**178,431,140**	123,041,423
Less: Allowances for impairment losses	*(iii)*	**(11,651,525)**	(4,696,777)
Sub-total	*(ii)*	**166,779,615**	118,344,646
Total		**174,316,832**	149,691,745

(i) As at 31 December 2020 and 31 December 2019, the factoring receivables were neither overdue nor impaired.

(ii) Since 1 January 2019, new receivables from sale-leaseback transactions which do not satisfy sales under HKFRS 15 for the seller-lessees, were recognised as loans and receivables.

(iii) As at 31 December 2020, the credit quality analysis of loans and receivables are as follows:

	2020 RMB	2019 RMB
Overdue and credit-impaired	**9,288,155**	–
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**–**	–
– Overdue 30 to 90 days (inclusive)	**41,311,545**	14,906,636
– Overdue above 90 days	**–**	–
Neither overdue nor credit-impaired	**135,584,524**	139,972,899
Less: Allowances for impairment losses	**(11,867,392)**	(5,187,790)
At the end of the year	**174,316,832**	149,691,745

(iv) Analysis for reporting purpose as:

	2020 RMB	2019 RMB
Non-current assets	**62,673,159**	74,444,835
Current assets	**111,643,673**	75,246,910
	174,316,832	149,691,745

(Expressed in Renminbi unless otherwise indicated)

15 LOANS AND RECEIVABLES (Continued)

(v) Loans and receivables and allowance for impairment losses are as follows:

	As at 31 December 2020			
	12-month ECL RMB	Lifetime ECL Not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Factoring receivables	**7,753,084**	**–**	**–**	**7,753,084**
Less: Allowances for impairment losses	**(215,867)**	**–**	**–**	**(215,867)**
Carrying amount of factoring receivables	**7,537,217**	**–**	**–**	**7,537,217**
Receivables from sale-leaseback transaction	**127,831,440**	**41,311,545**	**9,288,155**	**178,431,140**
Less: Allowances for impairment losses	**(2,663,590)**	**(4,092,249)**	**(4,895,686)**	**(11,651,525)**
Carrying amount of receivables from sale-leaseback transaction	**125,167,850**	**37,219,296**	**4,392,469**	**166,779,615**
Total carrying amount of loans and receivables	**132,705,067**	**37,219,296**	**4,392,469**	**174,316,832**

	As at 31 December 2019			
	12-month ECL RMB	Lifetime ECL Not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Factoring receivables	31,838,112	–	–	31,838,112
Less: Allowances for impairment losses	(491,013)	–	–	(491,013)
Carrying amount of factoring receivables	31,347,099	–	–	31,347,099
Receivables from sale-leaseback transaction	108,134,787	14,906,636	–	123,041,423
Less: Allowances for impairment losses	(2,723,031)	(1,973,746)	–	(4,696,777)
Carrying amount of receivables from sale-leaseback transaction	105,411,756	12,932,890	–	118,344,646
Total carrying amount of loans and receivables	136,758,855	12,932,890	–	149,691,745

(Expressed in Renminbi unless otherwise indicated)

15 LOANS AND RECEIVABLES (Continued)

(vi) Movements of allowance for impairment losses on loans and receivables:

	2020 12-month ECL RMB	 Lifetime ECL Not credit-impaired RMB	 Lifetime ECL credit-impaired RMB	 Total RMB
Balance at 1 January	**3,214,044**	**1,973,746**	**–**	**5,187,790**
Transfer to lifetime ECL not credit-impaired	**(143,854)**	**143,854**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**–**	**(1,973,746)**	**1,973,746**	**–**
Net remeasurement of loss allowance	**(1,823,090)**	**(66,749)**	**2,921,940**	**1,032,101**
New financial assets originated	**1,632,356**	**4,015,145**	**–**	**5,647,501**
Balance at 31 December	**2,879,456**	**4,092,250**	**4,895,686**	**11,867,392**

	2019 12-month ECL RMB	 Lifetime ECL Not credit-impaired RMB	 Lifetime ECL credit-impaired RMB	 Total RMB
Balance at 1 January	–	–	–	–
New financial assets originated	3,214,044	1,973,746	–	5,187,790
Balance at 31 December	3,214,044	1,973,746	–	5,187,790

(Expressed in Renminbi unless otherwise indicated)

16 FINANCE LEASE RECEIVABLES

	2020 RMB	2019 RMB
Minimum finance lease receivables		
Not later than one year	**135,877,427**	202,239,536
Later than one year and not later than five years	**5,933,071**	35,366,237
Gross amount of finance lease receivables	**141,810,498**	237,605,773
Less: Unearned finance income	**(10,905,487)**	(26,996,818)
Net amount of finance lease receivables	**130,905,011**	210,608,955
Less: Allowances for impairment losses	**(26,001,723)**	(26,310,306)
Carrying amount of finance lease receivables	**104,903,288**	184,298,649
Present value of minimum finance lease receivables		
Not later than one year	**125,177,179**	176,169,322
Later than one year and not later than five years	**5,727,832**	34,439,633
Total	**130,905,011**	210,608,955

Analysis for reporting purpose as:

	2020 RMB	2019 RMB
Current assets	**99,326,730**	151,058,651
Non-current assets	**5,576,558**	33,239,998
	104,903,288	184,298,649

Analysis by security:
Finance lease receivables are mainly secured by leased assets which are used in infrastructure, manufacturing, construction and other industries, lessees' deposits and leased assets repurchase arrangement where applicable.

Additional collateral may be obtained from lessees to secure their repayment obligation and such collateral include residential properties, car parks, etc. Due to restriction of the collateral registration procedure, finance lease receivables with carrying amount of RMB6,809,455 was arranged through an entrusted loan with properties as the collateral as at 31 December 2020 (2019: RMB9,895,127).

(Expressed in Renminbi unless otherwise indicated)

16 FINANCE LEASE RECEIVABLES (Continued)

Lessees' deposits are calculated and collected based on a certain percentage of the entire value of the lease contract. The deposits are returned to the lessees in full by end of lease period according to the terms of the lease contracts. The balance of the customers' deposits can also be applied and used to settle any outstanding lease payments for the corresponding lease contract. As at 31 December 2020 and 31 December 2019, the lessees' deposits was pledged for related finance lease receivables were disclosed in note 22.

Analysis of credit quality:

The following is a credit quality analysis of finance lease receivables. In the event that an instalment repayment of a finance lease receivables is overdue for more than 30 days, the entire outstanding balance of the finance lease receivables is classified as overdue. If the instalment repayment is overdue within 30 days, only the balance of this instalment is classified as overdue.

	2020 RMB	2019 RMB
Overdue and credit-impaired	**101,546,730**	108,334,380
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	**3,420,673**	3,939,528
– Overdue 30 to 90 days (inclusive)	**–**	509,097
– Overdue above 90 days	**–**	–
Neither overdue nor credit-impaired	**25,937,608**	97,825,950
Less: Allowances for impairment losses	**(26,001,723)**	(26,310,306)
At the end of the year	**104,903,288**	184,298,649

Finance lease receivables overdue but not impaired related to a number of lessees failing to pay the instalments, but the Group could collect the remaining balance from the guaranteed deposits from lessees, the suppliers under the leased assets repurchase arrangements or from the disposal of leased assets.

(a) Finance lease receivables and allowances for impairment losses:

	As at 31 December 2020			
	12-month ECL RMB	**Lifetime ECL Not credit-impaired RMB**	**Lifetime ECL credit-impaired RMB**	**Total RMB**
Net amount of finance lease receivables	**29,358,280**	**–**	**101,546,731**	**130,905,011**
Less: Allowances for impairment losses	**(625,039)**	**–**	**(25,376,684)**	**(26,001,723)**
Carrying amount of finance lease receivables	**28,733,241**	**–**	**76,170,047**	**104,903,288**

(Expressed in Renminbi unless otherwise indicated)

16 FINANCE LEASE RECEIVABLES (Continued)

(a) Finance lease receivables and allowances for impairment losses: (Continued)

	As at 31 December 2019			
	12-month ECL RMB	Lifetime ECL Not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Net amount of finance lease receivables	91,870,351	10,404,224	108,334,380	210,608,955
Less: Allowances for impairment losses	(3,392,266)	(684,944)	(22,233,096)	(26,310,306)
Carrying amount of finance lease receivables	88,478,085	9,719,280	86,101,284	184,298,649

(b) Movements of allowances for impairment losses on finance lease receivables:

	2020			
	12-month ECL RMB	**Lifetime ECL not credit-impaired RMB**	**Lifetime ECL credit-impaired RMB**	**Total RMB**
Balance at 1 January	**3,392,266**	**684,944**	**22,233,096**	**26,310,306**
Transfer to 12-month ECL	**12,711**	**(12,711)**	**–**	**–**
Transfer to lifetime ECL not credit-impaired	**–**	**–**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**–**	**(668,223)**	**668,223**	**–**
Net remeasurement of loss allowance	**(3,119,311)**	**(4,010)**	**2,398,365**	**(724,956)**
New financial assets originated	**339,373**	**–**	**–**	**339,373**
Recoveries of amounts previously written off	**–**	**–**	**77,000**	**77,000**
Balance at 31 December	**625,039**	**–**	**25,376,684**	**26,001,723**

	2019			
	12-month ECL RMB	Lifetime ECL not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Balance at 1 January	7,387,444	282,209	16,869,259	24,538,912
Transfer to lifetime ECL not credit-impaired	(147,243)	147,243	–	–
Transfer to lifetime ECL credit-impaired	(822,378)	(282,209)	1,104,587	–
Net remeasurement of loss allowance	(3,500,699)	520,980	4,116,895	1,137,176
New financial assets originated	475,142	16,721	–	491,863
Recoveries of amounts previously written off	–	–	142,355	142,355
Balance at 31 December	3,392,266	684,944	22,233,096	26,310,306

(Expressed in Renminbi unless otherwise indicated)

17 TRADE AND OTHER RECEIVABLES

	Note	**2020 RMB**	2019 RMB
Non-current assets			
Other receivables		**67,925**	101,888
Deposits for property	*28(d)*	**–**	189,565
		67,925	291,453
Current assets			
Other receivables		**4,836,325**	1,547,872
Less: Allowances for impairment losses	*(i)*	**(349,567)**	(150,811)
		4,486,758	1,397,061
Prepaid expenses		**1,081,480**	190,127
Prepayment for leased assets		**352,026**	130,115
Deposits for property	*28(d)*	**189,565**	–
		6,109,829	1,717,303
Total		**6,177,754**	2,008,756

The amount of deposits and prepayments expected to be recovered or recognised as expense after more than one year is RMB67,925 (2019: RMB291,453).

(i) Movements of allowances on other receivables

	2020 RMB	2019 RMB
At 1 January	**150,811**	104,862
Charged for the year	**198,756**	45,949
At 31 December	**349,567**	150,811

(Expressed in Renminbi unless otherwise indicated)

18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	**2020 RMB**	2019 RMB
Wealth management products	*(i)*	**39,668,535**	18,885,559
Listed securities		**11,906,420**	5,127,600
		51,574,955	24,013,159

(i) The above wealth management products were issued by commercial banks in the PRC. They were classified as FVTPL as their contractual cash flows are not solely payments of principal and interest.

19 PLEDGED AND RESTRICTED DEPOSITS

	2020 RMB	2019 RMB
Pledged and restricted deposits	**1,743,148**	–

The bank deposits was pledged as collateral for the Group's outstanding notes payable as at 31 December 2020 (see note 22).

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2020 RMB	2019 RMB
Deposits with banks	**26,245,251**	71,298,721

The Group's main operation in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2020 RMB	2019 RMB
Profit before taxation		**9,950,323**	25,972,688
Adjustments for:			
Net realised and unrealised losses on financial assets at fair value through profit or loss	*4*	**(1,778,879)**	256,088
Investment income from wealth management products	*4*	**(984,134)**	(1,053,547)
Interest income from deposits with financial institutions	*4*	**(350,118)**	(224,700)
Interest income from loan to related parties	*4*	**(980,485)**	(1,279,618)
Interest expense	*5*	**3,703,687**	6,642,232
Impairment losses charged	*6*	**6,492,775**	6,862,778
Depreciation	*7(b)*	**1,049,029**	1,033,591
Amortisation	*7(b)*	**90,380**	72,699
Gains on disposal of equipment		**–**	1,090
Operating profit before changes in working capital		**17,192,578**	38,283,301
Changes in working capital:			
Increase in pledged bank deposit		**(1,743,148)**	–
Decrease in finance lease receivables		**79,780,944**	226,866,438
Increase in loans and receivables		**(31,304,689)**	(154,879,535)
Increase in trade and other receivables		**(4,367,754)**	(930,109)
Decrease in trade and other liabilities		**(9,899,666)**	(13,708,316)
Cash generated from operations		**49,658,265**	95,631,779

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS (Continued)

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings RMB	**Lease liabilities** RMB
As at 1 January 2020	82,734,380	1,238,603
Changes from financing cash flow:		
Proceeds from borrowings	101,970,000	–
Repayment of borrowings	(139,954,380)	–
Capital element of lease rentals paid	–	(47,378)
Interest element of lease rentals paid	–	(882,622)
Other changes:		
Interest expense	56,661	47,378
As at 31 December 2020	44,806,661	355,981

(d) Total cash outflow for leases:

Amounts included in the cash flow statement for leases comprise the following:

	2020 **RMB**	2019 RMB
Within financing cash flows	**930,000**	942,000
	930,000	942,000

These amounts relate to the following:

	2020 **RMB**	2019 RMB
Lease rentals paid	**930,000**	942,000
	930,000	942,000

(Expressed in Renminbi unless otherwise indicated)

21 BORROWINGS

	Note	**2020 RMB**	2019 RMB
Bank loans			
– guaranteed	*(i)*	**44,806,661**	82,734,380
		44,806,661	82,734,380

Analysis for reporting purpose as:

	2020 RMB	2019 RMB
Current liabilities	**44,806,661**	82,734,380

(i) As at 31 December 2020, loans amounting to RMB44,806,661 (2019: RMB82,734,380) was guaranteed by Septwolves Group Holding.

As at 31 December 2019 and 2020, the borrowings were repayable as follows:

	2020 RMB	2019 RMB
Within one year	**44,806,661**	82,734,380

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

	2020 RMB	2019 RMB
Range of interest rates	**4.05% – 4.35%**	4.57% – 4.75%

(Expressed in Renminbi unless otherwise indicated)

22 TRADE AND OTHER LIABILITIES

	Note	**2020 RMB**	2019 RMB
Non-current liabilities			
Guaranteed deposits from lessees	*(i)*	**21,917,685**	30,364,201
VAT payable		**428,696**	1,817,500
		22,346,381	32,181,701
Current liabilities			
Guaranteed deposits from lessees	*(i)*	**5,698,255**	12,311,379
VAT payable and other tax payable		**10,554,949**	13,417,100
Accounts payable	*(ii)*	**480,944**	2,589,816
Accrued staff costs		**1,802,996**	1,863,557
Receipts in advance		**133,686**	133,685
Accrued liabilities		**805,175**	880,944
Interest payable		**–**	230,856
Other payables		**4,695,357**	1,818,664
Notes payable		**8,715,719**	–
		32,887,081	33,246,001
Total		**55,233,462**	65,427,702

(i) Guaranteed deposits from lessees for reporting purpose:

	2020 RMB	2019 RMB
Current portion	**5,698,255**	12,311,379
Non-current portion	**21,917,685**	30,364,201
Total	**27,615,940**	42,675,580

(ii) As at 31 December 2020 and 2019, the accounts payable comprise of amounts RMB480,944 and RMB2,589,816, respectively, to be repaid to certain equipment suppliers under the leased assets repurchase arrangements. As such, there was no relevant invoice or demand notes as the basis to the ageing analysis. Alternatively, from the perspective of credit term, all the accounts payable were payable on demand.

(Expressed in Renminbi unless otherwise indicated)

23 LEASE LIABILITIES

At 31 December 2020, the lease liabilities were repayable as follows:

	31 December 2020		31 December 2019	
	Present value of the minimum lease payments RMB	**Total minimum lease payments RMB**	Present value of the minimum lease payments RMB	Total minimum lease payments RMB
Within 1 year	**355,981**	**362,500**	900,631	930,000
After 1 year but within 2 years	**–**	**–**	337,972	362,500
After 2 years but within 5 years	**–**	**–**	–	–
	–	**–**	337,972	362,500
	355,981	**362,500**	1,238,603	1,292,500
Less: total future interest expenses		**(6,519)**		(53,897)
Present value of lease liabilities		**355,981**		1,238,603

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable

	Note	**2020 RMB**	2019 RMB
At the beginning of the year		**7,483,166**	4,546,805
Provision for income tax for the year	*8(a)*	**3,903,868**	8,363,029
Income tax paid		**(7,114,013)**	(5,426,668)
At the end of the year		**4,273,021**	7,483,166

(Expressed in Renminbi unless otherwise indicated)

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets and liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Allowance for impairment losses RMB	Deferred Income RMB	Accrued Expenses RMB	Depreciation charge of right-of-use assets RMB	Fair value change gains and losses RMB	Undistributed profits of PRC subsidiaries RMB	Total RMB
At 1 January 2019	6,558,285	(842,109)	206,781	–	–	(540,000)	5,382,957
Credited/(charged) to profit or loss	1,715,695	(220,716)	6,450	7,772	38,963	–	1,548,164
Released upon distribution of dividends	–	–	–	–	–	540,000	540,000
At 31 December 2019	8,273,980	(1,062,825)	213,231	7,772	38,963	–	7,471,121
At 1 January 2020	8,273,980	(1,062,825)	213,231	7,772	38,963	–	7,471,121
Credited/(charged) to profit or loss	1,623,194	(356,135)	(11,937)	(3,385)	(415,780)	95,730	931,687
Released upon distribution of dividends	–	–	–	–	–	(650,000)	(650,000)
At 31 December 2020	9,897,174	(1,418,960)	201,294	4,387	(376,817)	(554,270)	7,752,808

(ii) Reconciliation to the consolidated statement of financial position

	2020 RMB	2019 RMB
Net deferred tax assets recognised in the consolidated statement of financial position	**8,402,808**	7,471,121
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(650,000)**	–
	7,752,808	7,471,121

(Expressed in Renminbi unless otherwise indicated)

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(c) Deferred tax liabilities not recognised

At 31 December 2020, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB44,777,538 (2019: RMB43,763,454). Deferred tax liabilities of RMB4,477,754 (2019: RMB4,376,345) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Share capital RMB	Share premium RMB	Exchange reserve RMB	Accumulated losses RMB	Total equity RMB
Balance at 1 January 2019	2,301,857	238,097,760	7,910,789	(1,364,141)	246,946,265
Changes in equity for 2019					
Total comprehensive income for the year	–	–	5,534,290	5,767,728	11,302,018
Dividends approved in respect of the previous years	–	–	–	(4,988,693)	(4,988,693)
Balance at 31 December 2019 and 1 January 2020	2,301,857	238,097,760	13,445,079	(585,106)	253,259,590
Changes in equity for 2020					
Total comprehensive income for the year	–	–	(15,236,250)	(1,320,891)	(16,557,141)
At 31 December 2020	2,301,857	238,097,760	(1,791,171)	(1,905,997)	236,702,449

(Expressed in Renminbi unless otherwise indicated)

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2020 RMB	2019 RMB
Final dividend proposed after the end of the reporting period of HKD2.0 cents per ordinary share (2019: nil)	**4,544,856**	–
	4,544,856	–

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2020 RMB	2019 RMB
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD2.1 cents per share in 2019	**–**	4,988,693
	–	4,988,693

(c) Share capital

*(i) **Issued share capital***

	Note	2020 Number of shares	2020 RMB	2019 Number of shares	2019 RMB
Ordinary shares, issued and fully paid:					
At 1 January		**270,000,000**	**2,301,857**	270,000,000	2,301,857
Capitalisation Issue	*(ii)*	**–**	**–**	–	–
Issuance of shares through the Listing	*(iii)*	**–**	**–**	–	–
At 31 December		**270,000,000**	**2,301,857**	270,000,000	2,301,857

In accordance with section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(Expressed in Renminbi unless otherwise indicated)

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital (Continued)

(ii) Pursuant to the written resolutions of the Company's shareholders passed on 20 June 2018, conditional upon the crediting of the share premium account of the Company as a result of the issue of shares pursuant to the Listing, the directors had authorised to allot and issue a total of 202,480,000 shares, by way of capitalising of the sum of HKD2,024,800 standing to the credit of the share premium account of the Company, credited as fully paid at par to the shareholders whose names appeared on the register of members of the Company by the close of business on 20 June 2018, in the proportion to their then existing shareholdings in the Company.

(iii) On 18 July 2018, the shares of the Company were listed on GEM of the Stock Exchange, with a total number of 67,500,000 shares issued to the public at par value of HK$0.01 each. The net proceeds after deducting the listing expenses were approximately RMB64,325,445, out of which RMB575,465 and RMB63,749,980 were recorded in share capital and share premium respectively.

(d) Share premium

The share premium represents the difference between the par value of the shares of the Company and consideration for the issuance of the shares of the Company. Under the Companies Law of the Cayman Islands, the share premium account of the Company is distributed to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(e) Reserves

(i) Capital reserve

The capital reserve mainly represented the difference between the share capital and share premium of the Company and the paid-in capital of Xiamen Byleasing.

(ii) Surplus reserve

The entities established in the PRC are 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 holders of the entities established in the PRC, statutory surplus reserves 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 Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders.

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 1(q).

25 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(f) Distributability of reserves

At 31 December 2020, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB236,191,763 (2019: RMB237,512,654).

(g) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity holders/shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between a higher equity holder/shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the year ended 31 December 2020.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, market and liquidity risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practice used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk arises from a customer's inability or unwillingness to meet its financial obligations to make timely payments. Credit risk is considered as one of the most significant risk to the Group's business operations. Management therefore carefully manages its exposure to credit risk. Credit risk primarily arises from finance leasing business.

The Group establishes industry risk management framework and measurements which the Group will perform research by industry, implement credit evaluation, estimate the value on lease assets, monitor lessee business status and evaluate the impact from change in technology to lease assets, to strengthen the credit risk control and management.

The Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policies of the Group, the Group examines and verifies the credit risk of all customers with which the Group has credit transactions. In addition, the Group monitors and controls the leases receivable regularly to mitigate the risk of significant exposures from non-performing assets.

Other financial assets of the Group include cash and cash equivalents, accounts receivable, financial assets at fair value through profit or loss and other financial assets. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk is equal to the carrying amounts of these assets.

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26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Maximum exposure to credit risk before collateral held and other credit enhancement is as follows:

	2020 RMB	2019 RMB
Financial assets		
Loans and receivables	**174,316,832**	149,691,745
Finance lease receivables	**104,903,288**	184,298,649
Trade and other receivables	**6,177,754**	2,008,756
Financial assets at fair value through profit or loss	**51,574,955**	24,013,159
Cash and cash equivalents	**26,245,251**	71,298,721
	363,218,080	431,311,030

The above table represents a worst case scenario of credit risk exposure to the Group as at 31 December 2019 and 2020, without taking account of any collateral held or other credit enhancements attached.

Concentration risk of credit exposure

An analysis of finance lease receivables by industry is set out below:

	2020 RMB	2020 %	2019 RMB	2019 %
Wholesale and retailing	**50,509,937**	**39%**	55,319,924	26%
Construction	**47,829,425**	**37%**	54,408,232	26%
Manufacturing	**21,460,580**	**16%**	46,634,484	22%
Services	**8,763,435**	**7%**	35,753,865	17%
Scientific research and technology services	**–**	**–**	11,193,668	5%
Others	**2,341,634**	**1%**	7,298,782	4%
Total	**130,905,011**	**100%**	210,608,955	100%

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Concentration risk of credit exposure (Continued)

An analysis of loans and receivables by industry is set out below:

Factoring receivables

	2020		2019	
	RMB	**%**	RMB	%
Wholesale and retailing	**4,942,413**	**64%**	29,039,726	91%
Manufacturing	**2,810,671**	**36%**	2,798,386	9%
Total	**7,753,084**	**100%**	31,838,112	100%

Receivables from sales-leaseback

	2020		2019	
	RMB	**%**	RMB	%
Manufacturing	**78,034,873**	**44%**	78,299,445	64%
Real estate	**40,504,159**	**23%**	–	–
Services	**19,071,775**	**11%**	14,906,636	12%
Transportation, warehousing and postal services	**14,380,190**	**8%**	22,088,932	18%
Ecological protection and environmental management	**9,520,446**	**5%**	–	–
Wholesale and retailing	**9,450,755**	**5%**	7,746,410	6%
Others	**7,468,942**	**4%**	–	–
Total	**178,431,140**	**100%**	123,041,423	100%

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Market risk

Market risk arises when the adverse changes in market prices (interest rates, exchange rates, as well as equity prices and other prices) lead to losses from the Group's business. The Group's market risk mainly arises from currency risk and interest rate risk.

(i) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

The Group's exposure to currency risk primarily arises from cash balances denominated in a foreign currency, i.e. a currency other than the functional currency of the operation to which the transaction related. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded during the assessment.

The Directors consider the Group's exposure to foreign currency risk is not significant during the reporting period.

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rate. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flow risks.

The following table details the interest rate profile of the Group's interest-bearing financial instruments as at 31 December 2019 and 2020.

	2020 RMB	2019 RMB
Fixed rate financial instruments		
Financial liabilities/assets		
Pledged and restricted deposits	**1,743,148**	–
Loans and receivables	**174,316,832**	149,691,745
Finance lease receivables	**104,903,288**	184,298,649
Bank borrowings	**44,806,661**	82,734,380
Lease liabilities	**355,981**	1,238,603
Variable rate financial instruments:		
Financial assets		
Cash and cash equivalents	**26,245,251**	71,298,721
Net exposure	**262,045,877**	321,316,132

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Market risk (Continued)

(ii) Interest rate risk (Continued)

The following table illustrates the potential impact of a parallel upward or downward shift of 100 basis points in all financial instruments' yield rate on the Group's retained profits, based on the Group's positions of interest-generating assets and interest-bearing liabilities at the end of 31 December 2019 and 2020.

	2020 RMB	2019 RMB
Retained profits		
+ 100 basis points	**196,839**	534,740
– 100 basis points	**(59,052)**	(187,159)

(c) Liquidity risk

Management regularly monitors the Group's liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term. The following tables show the remaining contractual maturities at the end of the each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

	Indefinite/ Overdue/ On demand RMB	Within 1 month RMB	1 to 3 months RMB	3 months to 1 year RMB	1 to 5 years RMB	Total RMB
31 December 2019						
Loans and receivables	3,267,988	3,900,937	42,839,981	41,563,417	86,546,887	178,119,210
Finance lease receivables	124,835,603	8,205,523	16,399,489	52,798,921	35,366,237	237,605,773
Trade and other receivables	1,397,061	–	–	–	291,453	1,688,514
Financial assets at fair value through profit or loss	24,013,159	–	–	–	–	24,013,159
Cash and cash equivalent	71,298,721	–	–	–	–	71,298,721
Total financial assets	224,812,532	12,106,460	59,239,470	94,362,338	122,204,577	512,725,377
Borrowings	–	551,247	1,298,215	82,667,704	–	84,517,166
Trade and other liabilities	4,999,223	–	–	12,085,179	30,364,201	47,448,603
Lease liabilities	–	–	232,464	668,167	337,972	1,238,603
Total financial liabilities	4,999,223	551,247	1,530,679	95,421,050	30,702,173	133,204,372
Net exposure	219,813,309	11,555,213	57,708,791	(1,058,712)	91,502,404	379,521,005

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Liquidity risk (Continued)

	Indefinite/ Overdue/ On demand RMB	Within 1 month RMB	1 to 3 months RMB	3 months to 1 year RMB	1 to 5 years RMB	Total RMB
31 December 2020						
Loans and receivables	20,302,832	44,072,339	14,336,793	57,485,534	69,994,146	206,191,644
Finance lease receivables	110,476,576	2,895,345	5,536,809	16,968,697	5,933,071	141,810,498
Trade and other receivables	4,486,758	–	–	189,565	67,925	4,744,248
Financial assets at fair value through profit or loss	51,574,955	–	–	–	–	51,574,955
Pledged and restricted deposits	1,743,148	–	–	–	–	1,743,148
Cash and cash equivalent	26,245,251	–	–	–	–	26,245,251
Total financial assets	214,829,520	46,967,684	19,873,602	74,643,796	75,995,142	432,309,744
Borrowings	–	103,021	410,983	45,015,271	–	45,529,275
Trade and other liabilities	5,509,787	1,258,035	632,226	12,323,912	21,917,685	41,641,645
Lease liabilities	–	–	212,851	143,130	–	355,981
Total financial liabilities	5,509,787	1,361,056	1,256,060	57,482,313	21,917,685	87,526,901
Net exposure	209,319,733	45,606,628	18,617,542	17,161,483	54,077,457	344,782,843

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Fair values

(i) Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Fair value hierarchy:

	At December 2020			
	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
Financial assets at fair value through profit or loss				
– Wealth management products	–	39,668,535	–	39,668,535
– Listed securities	11,906,420	–	–	11,906,420
	11,906,420	39,668,535	–	51,574,955

During the years ended 31 December 2019 and 2020, 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.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined with reference to the quotation published by the issuing bank as at the end of the reporting period.

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27 CONTINGENT LIABILITIES

As of 31 December 2020, Xiamen Byleasing, an subsidiary of the Group, has issued the performance bond in favor of Yongchun Quanyu Tourism Investment and Development Co., Ltd.* (永春縣全域旅遊投資開發有限責任公司) in the amount of RMB2,000,000 for guarantee of Qiaoxin's performance of its obligation of putting into production before 31 March 2021 in the property purchase contract.

28 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name of the entities	Relationship
Mr. Zhou Yongwei (周永偉先生)	One of ultimate controlling shareholders of the Group
Septwolves Group Holding Co., Ltd.* (七匹狼控股集團股份有限公司) ("**Septwolves Group Holding**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Septwolves Industry Co., Ltd.* (福建七匹狼實業股份有限公司) ("**Fujian Septwolves Industry**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Septwolves Group Corporation.* (福建七匹狼集團有限公司) ("**Fujian Septwolves Group**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Septwolves Asset Management Co., Ltd.* (廈門七匹狼資產管理有限公司) ("**Septwolves Asset Management**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Huakai Fugui Property Management* (廈門花開富貴物業管理有限公司) ("**Huakai Fugui Property Management**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Jingong Machinery Co., Ltd.* (福建晉工機械有限公司) ("**Jingong Machinery**")	A company of which 50% interest held by Ke Jinding
Zijiang Capital Limited ("**Zijiang Capital**")	One of shareholders of the Group
Hong Kong Li Hong Co., Ltd.* (香港莉鴻責任有限公司) ("**Hong Kong Li Hong**")	A company controlled by Chen Pengling (close member of Zhou Yongwei)
Jinjiang Xuecheng Construction Co., Ltd.* (晉江學城建設有限公司) ("**Jinjiang Xuecheng**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Jinjiang Septwolves Trade Co., Ltd.* (晉江七匹狼貿易有限責任公司) ("**Septwolves Trade**")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming

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

(Expressed in Renminbi unless otherwise indicated)

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2020 **RMB**	2019 RMB
Short-term employee benefits	**1,489,723**	1,492,582
Post-employment benefits	**2,583**	29,676
	1,492,306	1,522,258

Total remuneration is included in "staff costs" (see note 7(a)).

(c) Related parties transactions

The Group entered into below transactions in the ordinary course of business under normal commercial terms and at the market rates.

	2020 **RMB**	2019 RMB
Payment for leased assets		
– Jingong Machinery	**12,897,300**	5,969,000
Interest income		
– Septwolves Group Holding	**–**	44,686
– Septwolves Trade	**980,485**	1,220,781
– Jingong Machinery	**–**	14,151
Interest expense		
– Septwolves Group Holding	**555,371**	–
– Fujian Septwolves Group	**128,106**	–
– Jinjiang Xuecheng	**–**	197,500
Rental and property management fee		
– Septwolves Asset Management	**962,990**	870,000
– Huakai Fugui Property Management	**234,015**	234,015
– Mr. Zhou Yongwei	**60,000**	72,000
Lending to related parties		
– Septwolves Group Holding	**–**	70,000,000
– Septwolves Trade	**39,100,000**	32,000,000
– Jingong Machinery	**–**	9,000,000
Repayment from related parties		
– Septwolves Group Holding	**–**	70,000,000
– Septwolves Trade	**39,100,000**	32,000,000
– Jingong Machinery	**–**	9,000,000

(Expressed in Renminbi unless otherwise indicated)

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(c) Related parties transactions (Continued)

	2020 RMB	2019 RMB
Borrowing from a related party		
– Jinjiang Xuecheng	–	30,000,000
– Hong Kong Li Hong	1,725,362	313,523
Repayment to a related party		
– Jinjiang Xuecheng	–	30,000,000
– Hong Kong Li Hong	2,019,936	–
Prepayment for guarantee fee		
– Septwolves Group Holding	730,100	–
– Fujian Septwolves Group	332,000	–

(d) Balance with related parties

(i) Amounts due from related parties

	2020 RMB	2019 RMB
Trade related		
Prepayment for leasing assets		
– Jingong Machinery	352,026	130,115
Other prepayment		
– Fujian Septwolves Industry	18,460	16,015
Non-trade related		
Trade and other receivables		
– Zijiang Capital	47,899	19,353
Prepayment for guarantee fee to related parties		
– Septwolves Group Holding	141,407	–
– Fujian Septwolves Group	196,208	–
Deposit for rental and property management		
– Septwolves Asset Management	152,250	152,250
– Huakai Fugui Property Management	37,315	37,315

(Expressed in Renminbi unless otherwise indicated)

28 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties (Continued)

(ii) Amounts due to related parties

	2020 RMB	2019 RMB
Trade related		
Accounts payable		
– Jingong Machinery	**115,148**	115,148
Non-trade related		
Trade and other liabilities		
– Hong Kong Li Hong	**–**	313,523

(e) Guarantees provided by related parties

The guarantees provided by related party to the Group as the end of the year were as follows:

	2020 RMB	2019 RMB
– Fujian Septwolves Group	**100,000,000**	–
– Septwolves Group Holding	**270,000,000**	294,000,000

(f) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of payment for leased assets above constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules. The disclosures required by Chapter 20 of the GEM Listing Rules are provided in the Directors' Report.

(Expressed in Renminbi unless otherwise indicated)

29 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2020 RMB	2019 RMB
Non-current assets			
Interests in subsidiaries		**241,710,728**	258,034,804
Current assets			
Cash and cash equivalents		**283,542**	6,022
		283,542	6,022
Current liabilities			
Trade and other liabilities		**5,291,821**	4,781,236
Net current liabilities		**(5,008,279)**	(4,775,214)
Total assets less current liabilities		**236,702,449**	253,259,590
NET ASSETS		**236,702,449**	253,259,590
CAPITAL AND RESERVES	*25*		
Share capital		**2,301,857**	2,301,857
Share premium		**238,097,760**	238,097,760
Reserves		**(3,697,168)**	12,859,973
TOTAL EQUITY		**236,702,449**	253,259,590

Approved and authorized for issue by the board of directors on 25 March 2021.

Huang Dake
Director

Chen Xinwei
Director

(Expressed in Renminbi unless otherwise indicated)

30 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Final dividend proposed after the end of the reporting period

After the end of reporting period the directors proposed a final dividend. Further details are disclosed in note 25(b).

(b) Newly established subsidiaries after the end of the reporting period

On 13 January 2021, Xiamen Baiying established Fujian Baiying Paper Co., Ltd (福建百應紙業有限公司) ("**Fujian Baiying**") with registered capital of RMB30,000,000, in which Xiamen Baiying holds 55% equity interest. Upon its establishment, Fujian Baiying became a subsidiary of the Group.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE PERIOD ENDED 31 DECEMBER 2020

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to HKAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to HKAS 37, *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

"AGM"	the annual general meeting of the Company to be held at Unit 1, 30/F, No. 77 Tai Nan Road, Siming District, Xiamen, Fujian Province, the PRC at 10:00 a.m. on Friday, 18 June 2021
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company as amended from time to time
"Board" or "Board of Directors"	the board of Directors of the Company
"BVI"	the British Virgin Islands
"China" or "PRC"	the People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to "China" and "PRC" do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
"Company"	Baiying Holdings Group Limited (百應控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2017, the Shares of which are listed on GEM (stock code: 8525)
"Controlling Shareholder"	has the meaning ascribed thereto under the GEM Listing Rules and in case of the Company, refers to Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming
"Director(s)"	the director(s) of the Company
"Fujian Province" or "Fujian"	Fujian Province (福建省), a province located in the southeastern coast of China
"Fujian Septwolves Group"	Fujian Septwolves Group Corporation* (福建七匹狼集團有限公司), a company established in the PRC, is approximately 37.82% owned by Mr. Zhou Yongwei, a controlling Shareholder, 31.09% owned by Mr. Zhou Shaoxiong and 31.09% owned by Mr. Zhou Shaoming
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group","we", "us" or "our"	the Company and its subsidiaries from time to time
"HDK Capital"	HDK Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Branch Share Registrar"	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
"Hong Kong dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong

"Independent Third Party(ies)"	independent third party(ies) who are not connected person(s) (as defined in the GEM Listing Rules) of the Company and are independent of and not connected with the Company and its Directors, chief executive, and Substantial Shareholders or any of its subsidiaries or their respective associates
"Jingong Machinery"	Fujian Jingong Machinery Co., Ltd.* (福建晉工機械有限公司), a company established in the PRC with limited liability on 27 August 1993, which was owned as to 50% by Mr. Ke Jinding, non-executive Director and 50% by Mr. Ke Shuiyuan
"Listing"	the listing of the Shares on GEM
"Listing Date"	18 July 2018, the day on which the Shares dealings in the Shares first commenced on GEM
"Prospectus"	the prospectus of the Company dated 30 June 2018 in connection with the Share Offer
"Qiaoxin"	Fujian Yongchun Qiaoxin Vinegar Co., Ltd.* (福建省永春僑新老醋有限責任公司), a company established in the PRC on 23 April 2020, an indirectly wholly-owned subsidiary of the Company
"Reporting Period"	the period for year ended 31 December 2020
"RMB"	Renminbi, the lawful currency for the time being of the PRC
"Septwolves Group Holding"	Septwolves Group Holding Co., Ltd.* (七匹狼控股集團股份有限公司), a company incorporated in the PRC with limited liability on 25 February 2000, which is principally engaged in project investment and asset management
"Septwolves Holdings"	Septwolves Holdings Limited, a company incorporated in BVI with limited liability on 26 May 2017
"Septwolves Trade"	Jinjiang Septwolves Trade Co., Ltd.* (晉江七匹狼貿易有限責任公司), a company established in the PRC with limited liability, is a directly wholly-owned subsidiary of Fujian Septwolves Group
"SFO"	the securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Baiying"	Shanghai Baiying Commercial Factoring Co., Ltd.* (上海百應商業保理有限責任公司), a company established in the PRC with limited liability on 11 January 2019, an indirectly wholly-owned subsidiary of the Company
"Share(s)"	ordinary share(s) with a par value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Offer"	the offer of shares for subscription in Hong Kong pursuant to the terms of the Prospectus in 2018

"Shengshi Capital"	Shengshi Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
"SMEs"	small and medium-sized enterprise(s), as defined in the Statistics on the Measures for Classification of Large, Medium, Small and Miniature Enterprises (2017) (統計上大中小微型企業劃分辦法(2017))
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	has the meaning ascribed thereto in the GEM Listing Rules and unless the context requires otherwise, collectively refers to Septwolves Holdings, Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Ms. Chen Pengling
"VAT"	Value added tax
"Xiamen Baiying"	Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司), a company established in the PRC with limited liability on 9 March 2010, an indirectly wholly-owned subsidiary of the Company
"Zijiang Capital"	Zijiang Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017

Baiying Holdings Group Limited
百應控股集團有限公司