

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

Interim Report

2021

(Incorporated in the Cayman Islands with limited liability)

Stock code: 8525

CHARACTERISTICS OF GEM

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This report, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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Definitions

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

“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 interim report and for geographical reference only and except where the context requires, references in this interim 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 the Stock Exchange (stock code: 8525)
“Director(s)”	the director(s) of the Company
“Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Fujian Baiying Paper”	Fujian Baiying Paper Co., Ltd.* (福建百應紙業有限公司), a company established in the PRC on 13 January 2021, 55% owned by Xiamen Byleasing, an indirectly non-wholly owned subsidiary of the Company
“Fujian Province” or “Fujian”	Fujian Province (福建省), a province located in the southeastern coast of China
“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 at the relevant time or, where the context otherwise requires, in respect of the period before the Company becoming the holding company of its present subsidiaries, such subsidiaries and the business operated by them or their predecessors (as the case may be)
“HDK Capital”	HDK Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Qiaoxin”	Fujian Yongchun Qiaoxin Vinegar Co., Ltd.* (福建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 the six months ended 30 June 2021
“RMB”	Renminbi, the lawful currency for the time being of the PRC

Definitions

“Septwolves Holdings”	Septwolves Holdings Limited, a company incorporated in BVI with limited liability on 26 May 2017
“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 Byleasing”	Shanghai Baiying Commercial Factory 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)
“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 Notice on the Provisions for Classification Standards of Small and Medium-sized Enterprises (關於印發中小企業劃型標準規定的通知)
“VAT”	value-added tax
“Xiamen Byleasing”	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

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

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

HEADQUARTERS/PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 1, 30/F
No. 77, Tai Nan Road
Siming District, Xiamen
Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two
Times Square
1 Matheson Street
Causeway Bay
Hong Kong

COMPANY WEBSITE

www.byleasing.com

STOCK CODE

8525

AUDITORS

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)

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

Management Discussion and Analysis

Business Overview

We are a financial leasing company in Fujian Province, which is mainly engaged in the provision of customized equipment financing solutions through Xiamen Byleasing to customers, and a few of commercial factoring services through Shanghai Byleasing. Our customers are mainly small and medium-sized enterprises, entrepreneurial individuals and reputable large enterprises. The Company keeps developing the finance leasing business and factoring business and also looking for opportunities to expand into other areas of businesses. We established Qiaoxin, a vinegar factory in April 2020 and Fujian Baiying Paper, a packaging and paper product trading company at the beginning of 2021 to provide a bridge between customers who need paper products and paper production companies. The recent soaring global paper prices, the impact of the epidemic and the vigorous development of the e-commerce industry have also led to an increase in market demand for high-quality packaging paper materials. We believe that Fujian Baiying Paper will bring certain benefits to the Group. In recent years, our business has become more diversified, but these new businesses will not affect our main business. The financial leasing business is still the foundation of the Group.

Our revenue decreased from RMB16.2 million for the six months ended 30 June 2020 to RMB15.2 million for the six months ended 30 June 2021. Our profit increased from a loss of RMB1.5 million for the six months ended 30 June 2020 to a gain of RMB1.2 million for the six months ended 30 June 2021. The revenue generated from sales of packaging and paper product was RMB3.4 million for the period from the establishment date of Fujian Baiying Paper to 30 June 2021. As of 30 June 2021, Qiaoxin has not put into production.

Financial Services

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 when our customers 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 who need working capital 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 lease the sold assets back. For the six months ended 30 June 2021, our revenue from finance leasing service was RMB10.1 million, accounting for 66.5% 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 interest rate for the periods indicated:

	For the six months ended 30 June 2021	For the year ended 31 December 2020
Average monthly balance of interest-generating finance lease receivables (RMB'000)		
– Direct finance leasing	17,000	20,882
– Sale-leaseback	119,936	185,998
Range of interest rate per annum		
– Direct finance leasing	10.5% to 18.1%	11.0% to 20.9%
– Sale-leaseback	9.5% to 20.8%	11.0% to 22.8%

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

	As of 30 June 2021 RMB'000	As of 31 December 2020 RMB'000
Neither overdue nor credit-impaired	24,096	25,938
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	864	3,420
Overdue and credit-impaired	101,551	101,547
Net amount of finance lease receivables	126,511	130,905
Allowances for impairment losses	(30,877)	(26,002)
Carrying amount of finance lease receivables	95,634	104,903

Our net amount of finance lease receivables classified as overdue but not credit-impaired decreased from RMB3.4 million as of 31 December 2020 to RMB0.9 million as of 30 June 2021 because (i) RMB3.0 million of three agreements which overdue within 30 days as of 31 December 2020 were recorded as overdue and credit-impaired as of 30 June 2021; and (ii) one agreement which overdue for more than 90 days was settled resulting in a decrease in net amount of finance lease receivables of RMB2.4 million.

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

	As of 30 June 2021 RMB'000	As of 31 December 2020 RMB'000
Neither overdue nor credit-impaired	127,491	127,831
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	1,016	–
– Overdue 30 to 90 days (inclusive)	5,037	41,312
Overdue and credit-impaired	8,707	9,288
Receivables from sale-leaseback transaction	142,251	178,431
Allowances for impairment losses	(6,830)	(11,651)
Carrying amount of receivables from sale-leaseback transaction	135,421	166,780

Our receivables from sale-leaseback transaction classified as overdue but not credit-impaired decreased because two default agreements which overdue for 30 to 90 days were settled.

Management Discussion and Analysis

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 30 June 2021			
	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	24,960	–	101,551	126,511
Allowances for impairment losses	(590)	–	(30,287)	(30,877)
Carrying amount of finance lease receivables	24,370	–	71,264	95,634
Receivables from sale-leaseback transaction	128,506	5,037	8,708	142,251
Allowance for impairment losses	(2,553)	(551)	(3,726)	(6,830)
Carrying amount of receivables from sale-leaseback transaction	125,953	4,486	4,982	135,421
	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
Allowance 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

Factoring Services

For the six months ended 30 June 2021, our revenue from factoring services was RMB1.4 million, accounting for 9.2% 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 periods indicated:

	For the six months ended 30 June 2021	For the year ended 31 December 2020
Average monthly balance of factoring receivables (RMB'000)	34,165	20,667
Range of interest rate	8.0% to 15.6%	10.0% to 15.6%

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

	As of 30 June 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Factoring receivables	25,758	–	3,983	29,741
Allowances for impairment losses	(765)	–	(155)	(920)
Carrying amount of factoring receivables	24,993	–	3,828	28,821

	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

Management Discussion and Analysis

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 six months ended 30 June 2021, our revenue from advisory service was RMB0.2 million, accounting for 1.6% 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.

Packaging and Paper Product Trading

We conduct our packaging and paper product trading business through Fujian Baiying Paper since January 2021. For the six months ended 30 June 2021, the products we sold to our customers were packaging paper and all of our customers were in paper industry.

For the six months ended 30 June 2021, the revenue from sales of packaging and paper product was RMB3,442,619.

The cost of sales of packaging and paper product was RMB3,369,762 for the six months ended 30 June 2021 mainly consisted of the procurement cost of RMB3,303,039 and transportation cost of RMB66,723.

For the six months ended 30 June 2021, the gross profit of packaging and paper product trading business was RMB72,857 while the gross profit margin was 2.1%.

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 six months ended 30 June 2021:

Key requirements

A foreign-funded finance leasing company shall not provide in any form direct or indirect financing for local governments' financing platform companies that undertake public welfare duties.

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.

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%.

A foreign-funded finance leasing company shall have professional staff. And its senior management team shall have professional qualifications and no less than three years of experience in the relevant industries.

The term of operation of a foreign-funded finance leasing company shall generally not exceed 30 years.

Compliance status

Our Group complied with such requirement for the six months ended 30 June 2021.

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Key requirements

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.

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.

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.

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.

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.

Compliance status

Our Group complied with such requirement for the six months ended 30 June 2021.

Our Group complied with such requirement for the six months ended 30 June 2021.

Our Group complied with such requirement for the six months ended 30 June 2021.

Our Group complied with such applicable requirement for the six months ended 30 June 2021.

Our Group complied with such requirement for the six months ended 30 June 2021.

Management Discussion and Analysis

Financial Overview

Results of Operations

Revenue

Our revenue consists of interest income, advisory fee income and income from sales of packaging and paper product. 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, our advisory fee income represented the advisory fees received from our value-added advisory services, and all of our income from packaging and paper product trading business were driven from sales of packaging paper. The following table sets forth our revenue by business type for the periods indicated:

	For the six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest Income:		
Finance leasing services	10,108	14,943
– Direct finance leasing	1,256	1,126
– Sale-leaseback	8,852	13,817
Factoring services	1,404	510
Advisory Fee Income:		
Advisory services	236	706
Income from packaging and paper product trading business:		
Sales of packaging paper	3,443	–
Total	15,191	16,159

Our revenue decreased from RMB16.2 million for the six months ended 30 June 2020 to RMB15.2 million for the six months ended 30 June 2021 mainly due to the decrease in our finance leasing business of RMB4.8 million, partially offset by the income from sales of packaging and paper product of RMB3.4 million.

Other Net Income

Our other net income mainly consists of additional VAT deduction, government grants and interest income from loan to related parties.

Our other net income decreased from RMB1.1 million for the six months ended 30 June 2020 to RMB0.7 million for the six months ended 30 June 2021 primarily because of (i) the decrease in the interest income from loan to a related party of RMB0.7 million; (ii) the increase in the government grants of RMB0.1 million; and (iii) the income of additional VAT deduction of RMB0.2 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 gearing ratio remained at 0.15 times as of 31 December 2020 and 30 June 2021. The gearing ratio is a measure of financial leverage. It represents total interest-bearing borrowings divided by total equity as of 30 June 2021.

Our interest expenses decreased from RMB3.6 million for the six months ended 30 June 2020 to RMB2.3 million for the six months ended 30 June 2021 mainly due to the decrease in average monthly balance of loans.

Operating Expenses

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

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Staff cost	2,697	2,381
Legal expenses	626	486
Consulting expenses	–	1,887
Business travel and transportation expenses	231	152
Depreciation and amortization	552	594
Property management expenses	130	117
Auditor's remuneration	340	340
Sundry expenses	912	1,356
Total operating expenses	5,488	7,313

Our operating expenses decreased from RMB7.3 million for the six months ended 30 June 2020 to RMB5.5 million for the six months ended 30 June 2021 mainly due to the decrease in consulting expenses of RMB1.9 million for the establishment of Qiaoxin.

Impairment Losses Charged

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

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Loans and receivables	(4,118)	5,625
Finance lease receivables	4,884	2,323
Trade and other receivables	498	91
Total impairment losses charged	1,264	8,039

Our impairment losses charged decreased from RMB8.0 million for the six months ended 30 June 2020 to RMB1.3 million for the six months ended 30 June 2021 primarily consisted of (i) an decrease in impairment losses of RMB5.5 million as a result of the settlements of three default agreements; and (ii) the increase in impairment loss of RMB4.4 million as a result of one default agreement overdue for more than 90 days.

Management Discussion and Analysis

Income Tax Expense

We recorded income tax credit of RMB0.1 million for the six months ended 30 June 2020 and income tax expense of RMB0.3 million for the six months ended 30 June 2021 primarily because of the increase in the profit before taxation.

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 Period

Our profit increased from a loss of RMB1.5 million for the six months ended 30 June 2020 to a gain of RMB1.2 million for the six months ended 30 June 2021 mainly because the decrease in our expenses and impairment loss charged. Our net profit margin was 7.6% during the Reporting Period.

Liquidity and Capital Resources

We primarily funded our operations and expansions through interest-bearing borrowings, our Shareholders' equity and cash flows from our operations. Our liquidity and capital requirements primarily relate to our finance leasing, factoring businesses, packaging and paper product trading business 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 supporting 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 periods indicated:

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Cash and cash equivalents at beginning of the period	26,245	71,299
Net cash flows generated from/(used in) operating activities	10,015	(14,634)
Net cash flows used in investing activities	(2,025)	(5,710)
Net cash flows (used in)/generated from financing activities	(1,801)	16,382
Net increase/(decrease) in cash and cash equivalents	6,189	(3,962)
Effect of foreign exchange rate change	21	(87)
Cash and cash equivalents at end of the period	32,455	67,250

Net cash flows generated from operating activities

For the six months ended 30 June 2021, we had net cash generated from operating activities of RMB10.0 million, primarily as a result of operating profit before changes in working capital of RMB6.2 million and the positive effect of the changes in working capital, which consisted of: (i) the decrease in trade and other liabilities of RMB8.7 million as the result of the settlement of deposit of the completed finance lease transactions and payment of notes payables; and (ii) the decrease in loans and receivables of RMB14.2 million mainly due to the completion of the transactions.

Net cash flows used in investing activities

For the six months ended 30 June 2021, our net cash used in investing activities was RMB1.8 million mainly consisted of: (i) the payment of purchase of property and equipment of RMB24.3 million; and (ii) the advance to a related party of RMB8.3 million. Such payments were partially offset by the net amount of the finance investment in wealth management and listed securities of RMB30.4 million.

Net cash flows used in financing activities

For the six months ended 30 June 2021, our net cash flows used in financing activities was RMB1.8 million. Our net cash flows used in financing activities mainly consisted of: (i) the repayment to the bank of RMB44.8 million; and (ii) the other payment of interest of RMB1.0 million, partially offset by (i) the bank borrowings of RMB42.1 million; and (ii) the payment of capital contribution to the subsidiary from its non-controlling shareholder of RMB2.3 million.

Selected Items of the Statements of Financial Position

	As of 30 June 2021 RMB'000	As of 31 December 2020 RMB'000
Non-current assets		
Property and equipment	48,569	22,336
Intangible assets	483	528
Loans and receivables	73,264	62,673
Finance lease receivables	7,196	5,577
Trade and other receivables	242	68
Deferred tax assets	9,693	8,403
Total non-current assets	139,447	99,585
Current assets		
Loans and receivables	90,978	111,644
Finance lease receivables	88,438	99,327
Trade and other receivables	18,299	6,110
Financial assets at fair value through profit or loss	19,099	51,575
Pledged and restricted deposits	–	1,743
Cash and cash equivalents	32,455	26,245
Total current assets	249,269	296,644
Current liabilities		
Borrowings	30,752	44,807
Trade and other liabilities	31,520	32,887
Income tax payable	2,653	4,273
Lease liabilities	765	356
Total current liabilities	65,690	82,323
Net current assets	183,579	214,321
Non-current liabilities		
Trade and other liabilities	19,547	22,346
Lease liabilities	1,583	–
Borrowings	11,400	–
Deferred tax liabilities	650	650
Total non-current liabilities	33,180	22,996
Net assets	289,846	290,910

Management Discussion and Analysis

Our total current assets decreased from RMB296.6 million as of 31 December 2020 to RMB249.3 million as of 30 June 2021 primarily due to (i) the decrease in receivables from sale-leaseback of RMB42.0 million; (ii) the decrease in finance leasing receivables of RMB10.9 million; (iii) the decrease in wealth management products of RMB29.9 million; and (iv) the decrease in the fair value of the listed securities of RMB2.6 million. Such decreases partially offset by (i) the increase in the factoring receivables of RMB21.3 million; and (ii) the increase in the trade and other receivables of RMB12.2 million.

Our total current liabilities decreased from RMB82.3 million as of 31 December 2020 to RMB65.7 million as of 30 June 2021 mainly due to (i) the decrease in bank borrowing of RMB14.0 million; and (ii) the decrease in tax payable of RMB1.6 million.

Our net assets slightly decreased from RMB290.9 million as of 31 December 2020 to RMB289.8 million as of 30 June 2021 mainly due to the combined effect of the decrease in our total assets and total liabilities.

Finance Lease Receivables

The net amount of our finance lease receivables decreased from RMB130.9 million as of 31 December 2020 to RMB126.5 million as of 30 June 2021 mainly due to the settlement of existing lease agreements. For the six months ended 30 June 2021, all of our finance lease receivables were charged by fixed interest rates.

Loans and Receivables

Our loans and receivables decreased from RMB174.3 million as of 31 December 2020 to RMB164.2 million as of 30 June 2021 mainly due to the decrease in receivable from sale-leaseback transaction.

Cash and Cash Equivalents

Cash and cash equivalents consist of our cash in hand and deposits with banks. Our cash and cash equivalents increased from RMB26.2 million as of 31 December 2020 to RMB32.5 million as of 30 June 2021.

Trade and Other Receivables

Our trade and other receivables mainly include advances to related party, deductible VAT, and prepaid expenses.

Our trade and other receivables increased from RMB6.2 million as of 31 December 2020 to RMB18.5 million as of 30 June 2021 primarily due to (i) the increase in advances to related party of RMB8.5 million; and (ii) the increase in deductible VAT of RMB2.5 million.

The following table sets forth the ageing analysis of trade receivables, based on the revenue recognition date, as of the dates indicated:

	As of 30 June 2021 RMB'000	As of 31 December 2020 RMB'000
Within one month	801	–
Over one month but less than three months	288	–
Allowances for impairment losses	(43)	–
Total	1,046	–

Trade and Other Liabilities

Our trade and other liabilities mainly include guaranteed deposits from lessees, accounts payable, VAT payable and other tax payable, notes payables and dividends payables.

	As of 30 June 2021 RMB'000	As of 31 December 2020 RMB'000
Current liabilities		
Guaranteed deposits from lessees	5,005	5,698
VAT payable and other tax payable	11,106	10,555
Accounts payable	723	481
Trade payables	1,037	–
Accrued staff costs	1,645	1,803
Receipts in advance	179	134
Accrued liabilities	340	805
Other payables	1,992	4,695
Notes payables	5,000	8,716
Dividends payables	4,493	–
Non-current liabilities		
Guaranteed deposits from lessees	18,949	21,918
VAT payable	598	429
Total trade and other liabilities	51,067	55,233

Our trade and other liabilities decreased from RMB55.2 million as of 31 December 2020 to RMB51.1 million as of 30 June 2021 primarily due to (i) the decrease in notes payables of RMB3.7 million; (ii) the decrease in the guaranteed deposits from lessees of RMB3.7 million as a result of the decrease in finance leasing business; and (iii) the decrease in other payables of RMB2.7 million. Such decreases partially offset by (i) the increase in dividends payable of RMB4.5 million; and (ii) the increase in trade payables of Fujian Baiying Paper of RMB1.0 million.

Management Discussion and Analysis

Financial Assets at Fair Value through Profit or Loss

For the year ended 30 June 2021, 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 30 June 2021, the balance of wealth management and listed securities were RMB9.8 million and RMB9.3 million, respectively.

Indebtedness

Bank Borrowings

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

	As of 30 June 2021 ⁽¹⁾ RMB'000	As of 31 December 2020 RMB'000
Bank borrowings:		
– within one year	30,752	44,807
– after one year to two years	11,400	–
Total	42,152	44,807

Note:

(1) As of 30 June 2021, RMB26.7 million of the borrowings were guaranteed by Septwolves Group Holding Co., Ltd* (七匹狼控股集團股份有限公司) and RMB15.4 million of the borrowings were guaranteed by Fujian Septwolves Group Corporation* (福建七匹狼集團有限公司).

Contingent Liabilities

As of 30 June 2021, we did not have contingent liabilities.

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 periods indicated:

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Capital expenditures	24,326	3,275

Capital Commitments

As of 30 June 2021, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of the acquisitions of construction in progress and property, plant and equipment of Qiaoxin amounting to RMB13.2 million.

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 13 January 2021, our Group established Fujian Baiying Paper, an indirectly non-wholly owned subsidiary, with a registered capital of RMB30.0 million in which RMB16.5 million (being 55% of the total registered capital of Fujian Baiying Paper) contributed by our Group. Fujian Baiying Paper is principally engaged in the packaging and paper product trading business in the PRC. As of the date of this report, Fujian Baiying Paper recorded an income from packaging and paper product trading business of RMB3.4 million for the period from its establishment date to 30 June 2021.

Save as disclosed above, we did not have any material investments, acquisition or disposal for the six months ended 30 June 2021.

EMPLOYMENT AND EMOLUMENTS

As of the date of this report, our Group had 35 full time employees, all of whom were based in China. Our employees' remuneration was paid with reference to the individual's 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 statutory 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 and 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.

In the first half of 2021, we continued to give online training to our employees. In order to make the training more targeted and quantifiable, the Company opened an educational resource account on the education platform to share with all employees, the content of which covers financial, negotiation, business etiquette, management skills, etc., with the form of clock-in learning to encourage employees to take the initiative to improve themselves in their leisure time. At the same time, we also planned reading sharing activities, and recommended good books by departments in turn. In terms of epidemic prevention and control, we have responded to the call of the country and the community to organize and advocate the vaccination of employees who meet the vaccination requirements, and require employees to do personal epidemic prevention work, exercise their bodies, and consciously protect themselves from the virus. When travel, foreign affairs and other activities are involved, it is necessary to confirm the epidemic situation of the destination before arranging travel. If it is necessary for employees to travel to and from epidemic risk areas, isolation or nucleic acid testing shall be arranged in strict accordance with the community pandemic prevention requirements.

Management Discussion and Analysis

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, our 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, the 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 January 2021, we established Fujian Baiying Paper in Fujian Province, which is principally engaged in the packaging and paper product trading business. Due to the popularity of online consumption and the rapid development of the country's express delivery industry, as well as the ongoing trend of the COVID-19 epidemic, the logistics and e-commerce industries have continuously increased demand for high-quality paper packaging materials. The introduction of the new ban on plastic also makes the packaging industry focus on paper packaging materials that are more environmentally friendly and sustainable, which will bring new opportunities. Under the sluggish market environment, the Group adopts a diversified approach to extend its business into the trade supply chain of the manufacturing industry. While seeking opportunities in the paper product market, the Group seeks new customers to promote their interaction with the financial leasing business and pursue common development.

In the first half of 2021, the construction and preparation for Qiaoxin are carried out in an orderly manner. According to the Group's market positioning for Qiaoxin's products and the expectations and understanding of the entire industry, we have made adjustments on the basis of the original equipment to make the equipment more abundant in functions and improve production efficiency to a certain extent. It is estimated that by the end of 2021, we will complete the infrastructure construction of the factory of Qiaoxin and put it into production. The completion and commissioning of the factory of Qiaoxin will mean that Qiaoxin is going to offer new products successively, which will bring more profits to the Group. It will promote the brand of Qiaoxin and enhance the influence of the Group.

Other Information

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, internal controls and financial report matters, and the Company’s policies and practices on corporate governance. This unaudited interim report has been reviewed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

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.

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), consultants and advisors 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.

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, unless a refreshment of the 10% limit mentioned below is approved by our 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 date of listing of the Shares on GEM. As at the date of this report, the options available for grant by the Company is in respect of 27,000,000 Shares, representing 10% of the total issued Shares of the Company.

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 the 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 our Shares as stated in the Stock Exchange’s daily quotations sheet on the offer date; (ii) the average closing price of our 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 our 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 30 June 2021, the Company has no outstanding share option under the Share Option Scheme.

Other Information

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

As of 30 June 2021, 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 approximately 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 30 June 2021, 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 30 June 2021, 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 ⁽³⁾
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 approximately 37.06%, 31.47% and 31.47% owned by Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming, respectively. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings's 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 approximately 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 30 June 2021, 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.

Other Information

CONTINUING DISCLOSURE REQUIREMENTS UNDER THE GEM LISTING RULES

As of 30 June 2021, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rule 17.15 to Rule 17.21 of the GEM Listing Rules.

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2021.

EVENTS AFTER THE REPORTING PERIOD

There are no material events after the Reporting Period.

COMPETING INTERESTS

During the Reporting Period, none of the Director or controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group or have any other conflicts of interest with our Group.

CORPORATE GOVERNANCE

Our Group recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. The Board and the management of the Company have adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code and Corporate Governance report (the “**CG Code**”) set out in Appendix 15 to the GEM Listing Rules and reviewed its corporate governance policies and compliance from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions.

UPDATES ON DIRECTORS’ INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, there is no changes in information of the Directors during the Reporting Period.

REQUIRED STANDARD OF DEALING 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 throughout 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 was a Director.

Independent Review Report



Review report to the Board of Directors of Baiying Holdings Group Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 26 to 58 which comprises the consolidated statement of financial position of Baiying Holdings Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) as of 30 June 2021 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
13 August 2021

Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2021 RMB	2020 RMB
Interest income		11,512,374	15,452,630
Advisory fee income		235,849	706,330
Sales of packaging and paper product		3,442,619	–
Revenue	4	15,190,842	16,158,960
Other net income		713,650	1,097,693
Cost of packaging and paper product		(3,369,762)	–
Net (loss)/gain from financial assets at fair value through profit or loss		(2,030,554)	43,688
Interest expense		(2,259,783)	(3,552,305)
Operating expense		(5,488,429)	(7,312,523)
Impairment losses charged	5	(1,264,549)	(8,039,134)
Profit/(loss) before taxation	6	1,491,415	(1,603,621)
Income tax (expense)/credit	7	(331,811)	138,850
Profit/(loss) for the period		1,159,604	(1,464,771)
Attributable to:			
Equity shareholders of the Company		1,137,050	(1,464,771)
Non-controlling interests		22,554	–
Profit/(loss) for the period		1,159,604	(1,464,771)
Earnings/(loss) per share			
Basic and diluted (RMB cents)	8	0.42	(0.54)

The notes on pages 32 to 58 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 18.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2021 RMB	2020 RMB
Profit/(loss) for the period	1,159,604	(1,464,771)
Other comprehensive income for the period (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	20,439	(87,431)
Total comprehensive income for the period	1,180,043	(1,552,202)
Attributable to:		
Equity shareholders of the Company	1,157,489	(1,552,202)
Non-controlling interests	22,554	–
Total comprehensive income for the period	1,180,043	(1,552,202)

The notes on pages 32 to 58 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2021 – unaudited
(Expressed in Renminbi)

	Notes	At 30 June 2021 RMB	At 31 December 2020 RMB
Non-current assets			
Property, plant and equipment	9	48,569,358	22,336,193
Intangible assets		483,106	528,296
Loans and receivables	11	73,264,400	62,673,159
Finance lease receivables	12	7,196,086	5,576,558
Trade and other receivables	13	240,509	67,925
Deferred tax assets		9,693,469	8,402,808
		139,446,928	99,584,939
Current assets			
Loans and receivables	11	90,977,822	111,643,673
Finance lease receivables	12	88,438,434	99,326,730
Trade and other receivables	13	18,298,911	6,109,829
Financial assets at fair value through profit or loss	14	19,099,398	51,574,955
Pledged and restricted deposits		–	1,743,148
Cash and cash equivalents	15	32,454,547	26,245,251
		249,269,112	296,643,586
Current liabilities			
Borrowings	16	30,752,476	44,806,661
Trade and other liabilities	17	31,518,585	32,887,081
Lease liabilities		765,430	355,981
Income tax payable		2,653,029	4,273,021
		65,689,520	82,322,744
Net current assets		183,579,592	214,320,842
Total assets less current liabilities		323,026,520	313,905,781

The notes on pages 32 to 58 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2021 – unaudited
(Expressed in Renminbi)

	Notes	At 30 June 2021 RMB	At 31 December 2020 RMB
Non-current liabilities			
Borrowings	16	11,400,000	–
Trade and other liabilities	17	19,546,863	22,346,381
Lease liabilities		1,583,447	–
Deferred tax liabilities		650,000	650,000
		33,180,310	22,996,381
NET ASSETS			
		289,846,210	290,909,400
CAPITAL AND RESERVES			
Share capital		2,301,857	2,301,857
Share premium		238,097,760	238,097,760
Reserves		47,174,039	50,509,783
Total Equity attributable to equity shareholders of the Company			
		287,573,656	290,909,400
Non-controlling interests			
		2,272,554	–
TOTAL EQUITY			
		289,846,210	290,909,400

Approved and authorized for issue by the board of directors on 13 August 2021.

Huang Dake
Director

Chen Xinwei
Director

The notes on pages 32 to 58 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
	Note	Share capital	Share premium	Capital reserve	Surplus reserve	Exchange reserve	Retained profits			Total
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
Balance at 1 January 2020		2,301,857	238,097,760	(6,640,176)	8,530,358	1,445,388	40,523,672	284,258,859	-	284,258,859
Changes in equity for the six months ended 30 June 2020:										
Loss for the period		-	-	-	-	-	(1,464,771)	(1,464,771)	-	(1,464,771)
Other comprehensive income		-	-	-	-	(87,431)	-	(87,431)	-	(87,431)
Total comprehensive income		-	-	-	-	(87,431)	(1,464,771)	(1,552,202)	-	(1,552,202)
Balance at 30 June 2020 and 1 July 2020		2,301,857	238,097,760	(6,640,176)	8,530,358	1,357,957	39,058,901	282,706,657	-	282,706,657
Changes in equity for the six months ended 31 December 2020:										
Profit for the period		-	-	-	-	-	7,792,913	7,792,913	-	7,792,913
Other comprehensive income		-	-	-	-	409,830	-	409,830	-	409,830
Total comprehensive income		-	-	-	-	409,830	7,792,913	8,202,743	-	8,202,743
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	-	290,909,400
Balance at 1 January 2021		2,301,857	238,097,760	(6,640,176)	9,364,503	1,767,787	46,017,669	290,909,400	-	290,909,400
Changes in equity for the six months ended 30 June 2021:										
Capital injection from non-controlling interest		-	-	-	-	-	-	-	2,250,000	2,250,000
Profit for the period		-	-	-	-	-	1,137,050	1,137,050	22,554	1,159,604
Other comprehensive income		-	-	-	-	20,439	-	20,439	-	20,439
Total comprehensive income		-	-	-	-	20,439	1,137,050	1,157,489	2,272,554	3,430,043
Dividends approved in respect of the previous year	18(a)	-	-	-	-	-	(4,493,233)	(4,493,233)	-	(4,493,233)
Balance at 30 June 2021		2,301,857	238,097,760	(6,640,176)	9,364,503	1,788,226	42,661,486	287,573,656	2,272,554	289,846,210

The notes on pages 32 to 58 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2021 – unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2021 RMB	2020 RMB
Operating activities			
Cash generated from/(used in) operations		13,257,754	(8,161,397)
Tax paid		(3,242,464)	(6,471,876)
Net cash generated from/(used in) operating activities		10,015,290	(14,633,273)
Investing activities			
Interest received from deposits with financial institutions		94,636	134,550
Proceeds from disposal and redemption of investments		169,945,003	419,469,360
Proceeds from disposal of property and equipment		60,874	–
Payments on acquisition of investments		(139,500,000)	(422,974,276)
Payment of purchase of property, plant and equipment		(24,325,615)	(3,274,863)
Advances to related parties		(8,300,000)	(33,800,000)
Repayment from related parties		–	34,735,346
Net cash used in investing activities		(2,025,102)	(5,709,883)
Financing activities			
Cash receipts from capital contributions from non-controlling shareholders of subsidiaries		2,250,000	–
Proceeds from borrowings		42,094,000	101,970,000
Repayment of borrowings		(44,750,000)	(83,511,040)
Interest element of lease rentals paid		(17,017)	(29,494)
Other interest paid		(960,331)	(1,605,625)
Capital element of lease rentals paid		(417,983)	(441,507)
Net cash (used in)/generated from financing activities		(1,801,331)	16,382,334
Net increase/(decrease) in cash and cash equivalents		6,188,857	(3,960,822)
Cash and cash equivalents at 1 January		26,245,251	71,298,721
Effect of foreign exchange rate change		20,439	(87,431)
Cash and cash equivalents at 30 June	15	32,454,547	67,250,468

The notes on pages 32 to 58 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

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.

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 13 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 25.

3 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:

- Amendment to HKFRS 16, Covid-19-related rent concessions
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2

None of these developments 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 in this interim financial report.

The Group has not applied any new standard of interpretation that is not yet effective for the current accounting period.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Disaggregation of revenue

The principal activities of the Group are financial leasing service, factoring service, sales of packaging and paper product and advisory service. The amount of each significant category of revenue recognised during the six months ended 30 June 2021 and 2020 is as follows:

	Six months ended 30 June	
	2021 RMB	2020 RMB
Interest income from		
Finance leases receivables	1,990,185	5,192,189
Receivables from sale-leaseback transaction under loans and receivables	8,117,789	9,750,843
Factoring receivables	1,404,400	509,598
	11,512,374	15,452,630
Advisory fee income	235,849	706,330
Sales of packaging and paper product	3,442,619	–
	15,190,842	16,158,960

- (i) The Group has no customer for the six months ended 30 June 2021 and 2020 respectively, with whom transactions have exceeded 10% of the Group's aggregate revenues.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Financial services: providing financial leasing service, factoring service and advisory service in the People's Republic of China (the "PRC"). Income of financial leasing service takes the major portion of financial services for the six months ended 30 June 2021.
- Packaging and paper product trading: started with the year 2021, the Group set up Fujian Baiying Paper Co.,Ltd.("Fujian Baiying Paper") to diversify the business of the Group. The main business of Fujian Baiying Paper is sales of packaging and paper product in the PRC. Based on its nature the Group has presented it as a reportable segment.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets, investments in financial assets and deferred tax assets. Segment liabilities include borrowings, trade and other liabilities, lease liabilities, Income tax payable and deferred tax liabilities.

Revenue and expenses are separate recognized to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "Profit/(loss) for the period". To arrive at loss/profit for the period the Group's revenue are further adjusted for items, such as impairment and operating expenses.

Disaggregation of revenue by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

	Financial	Fujian	Total
	services	Baiying Paper	
	Six months ended 30 June		
	2021	2021	2021
	RMB	RMB	RMB
Disaggregated by timing of revenue recognition			
Over time:			
Interest income	11,512,374	–	11,512,374
Point in time:			
Advisory fee income	235,849	–	235,849
Sales of packaging and paper product	–	3,442,619	3,442,619
Reportable segment revenue	11,748,223	3,442,619	15,190,842
Other net income	712,257	1,393	713,650
Cost of packaging and paper product	–	(3,369,762)	(3,369,762)
Net (loss)/gain from financial assets at fair value through profit or loss	(2,038,153)	7,599	(2,030,554)
Interest expense	(2,259,783)	–	(2,259,783)
Operating expense	(5,473,522)	(14,907)	(5,488,429)
Impairment losses charged	(1,264,549)	–	(1,264,549)
Reportable segment profit before taxation	1,424,473	66,942	1,491,415
Income tax expense	(314,989)	(16,822)	(331,811)
Reportable segment profit for the period	1,109,484	50,120	1,159,604
Reportable segment assets	378,888,641	133,930	379,022,571
Reportable segment liabilities	98,103,969	115,861	98,219,830

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(ii) Reportable segment assets and liabilities

	Financial	Fujian	Total
	services	Baiying Paper	
	Six months ended 30 June		
	2021	2021	2021
	RMB	RMB	RMB
Assets			
Reportable segment assets	378,888,641	133,930	379,022,571
Deferred tax assets	9,693,469	–	9,693,469
Consolidated total assets	388,582,110	133,930	388,716,040
Liabilities			
Reportable segment liabilities	98,103,969	115,861	98,219,830
Deferred tax liabilities	650,000	–	650,000
Consolidated total liabilities	98,753,969	115,861	98,869,830

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 IMPAIRMENT LOSSES CHARGED

	Notes	Six months ended 30 June	
		2021 RMB	2020 RMB
Loans and receivables	11	(4,117,612)	5,625,691
Finance lease receivables	12	4,884,188	2,322,690
Trade and other receivables	13	497,973	90,753
		1,264,549	8,039,134

6 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging:

	Six months ended 30 June	
	2021 RMB	2020 RMB
(a) Staff cost		
Contributions to defined contribution retirement plan	121,762	133,394
Salaries, wages and other benefits	2,575,179	2,247,887
Subtotal	2,696,941	2,381,281
(b) Other items		
Amortisation	62,171	62,171
Depreciation charge		
– owned property and equipment	84,190	91,530
– right-of-use assets	405,399	440,227
Interest on lease liabilities	17,017	29,494
Auditor's remuneration	339,623	339,623
Legal expenses	625,973	485,995
Consulting expenses	–	1,886,792

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	Six months ended 30 June	
	2021 RMB	2020 RMB
Current tax		
– PRC Enterprise Income Tax (“EIT”) Provision for the period	1,723,310	1,732,916
– (Over)/under-provision in respect of prior period	(100,838)	109,325
Deferred tax		
– Origination of temporary differences	(1,290,661)	(1,981,091)
	331,811	(138,850)

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

	Note	Six months ended 30 June	
		2021 RMB	2020 RMB
Profit/(loss) before taxation		1,491,415	(1,603,621)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable in the jurisdictions concerned		439,927	(254,082)
Tax effect of non-deductible expenses		20,722	5,907
Tax effect of non-taxable income	(i)	(28,000)	–
(Over)/under-provision in respect of prior period		(100,838)	109,325
Income tax expense/(credit) for the period		331,811	(138,850)

Note:

- (i) The non-taxable income is mainly the interest income from equity investment gains generated from qualified resident.

(Expressed in Renminbi unless otherwise indicated)

8 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit for the six months ended 30 June 2021 of RMB1,137,050 (loss for six months ended 30 June 2020: RMB1,464,771) and the weighted average of 270,000,000 ordinary shares (six months ended 30 June 2020: 270,000,000 shares) in issue during the interim period.

(b) Diluted earnings/(loss) per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2021 and 2020, and hence the diluted earnings/(loss) per share are the same as basic earnings/(loss) per share.

9 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2021, the Group entered into a new lease agreement for use of office, and therefore recognised the additions to right-of-use assets of RMB2,410,879 (six months ended 30 June 2020: nil).

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2021, the Group acquired items of office equipment with a cost of RMB300,066 (six months ended 30 June 2020: RMB24,913). The Group disposed motor vehicles and office equipment of RMB13,739 during the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

During the six months ended 30 June 2021, the Group acquired items of construction in progress with a cost of RMB24,025,549 (six months ended 30 June 2020: RMB3,249,950).

(c) Impairment losses

During the six months ended 30 June 2021, no impairment loss of property, plant and equipment was recognised (six months ended 30 June 2020: nil).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 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.

Name of company	Place and date of incorporation/ establishment	Kind of legal entity	Registered capital	Paid-in capital	Proportion of ownership interest		Principal activities
					Held by the Company	Held by the subsidiary	
Byleasing Capital	BVI 15 June 2017	BVI Ltd	US\$1	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	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	PRC Ltd	RMB237,000,000	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	PRC Ltd	RMB50,000,000	RMB50,000,000	–	100%	Commercial Factoring
Fujian Yongchun Qiaoxin Vinegar Co., Ltd.* (福建永春橋新老醋有限責任公司) ("Qiaoxin")	People's Republic of China 23 April 2020	PRC Ltd	RMB50,000,000	RMB50,000,000	–	100%	Manufacture and sale of condiment products
Fujian Baiying Paper Co., Ltd.* (福建百應紙業有限公司) ("Fujian Baiying Paper")	People's Republic of China 13 January 2021	PRC Ltd	RMB30,000,000	RMB2,250,000	–	55%	Packaging and paper product trading

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 LOANS AND RECEIVABLES

	Note	At 30 June 2021 RMB	At 31 December 2020 RMB
Factoring receivables with recourse		29,741,273	7,753,084
Less: Allowances for impairment losses	(i)	(919,587)	(215,867)
Sub-total		28,821,686	7,537,217
Receivables from sale-leaseback transaction		142,250,729	178,431,140
Less: Allowances for impairment losses	(i)	(6,830,193)	(11,651,525)
Sub-total		135,420,536	166,779,615
Total		164,242,222	174,316,832

Notes:

- (i) The allowances for impairment losses of loans and receivables were provided on expected credit loss model. As at 30 June 2021, the credit quality analysis of loans and receivables are as follows:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Overdue and credit-impaired	12,689,952	9,288,155
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	3,759,379	–
– Overdue 30 to 90 days (inclusive)	5,037,437	41,311,545
– Overdue above 90 days	–	–
Neither overdue nor credit-impaired	150,505,234	135,584,524
Less: Allowances for impairment losses	(7,749,780)	(11,867,392)
At the end of the period/year	164,242,222	174,316,832

- (ii) Analysis for reporting purpose as:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Non-current assets	73,264,400	62,673,159
Current assets	90,977,822	111,643,673
	164,242,222	174,316,832

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 LOANS AND RECEIVABLES (Continued)

(iii) Loans and receivables and allowances for impairment losses are as follows:

	As at 30 June 2021			
	12-month ECL RMB	Lifetime ECL Not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Factoring receivables	25,758,223	–	3,983,050	29,741,273
Less: Allowances for impairment losses	(764,855)	–	(154,732)	(919,587)
Carrying amount of factoring receivables	24,993,368	–	3,828,318	28,821,686
Receivables from sale-leaseback transaction	128,506,390	5,037,437	8,706,902	142,250,729
Less: Allowances for impairment losses	(2,552,636)	(551,092)	(3,726,465)	(6,830,193)
Carrying amount of receivables from sale-leaseback transaction	125,953,754	4,486,345	4,980,437	135,420,536
Total carrying amount of loans and receivables	150,947,122	4,486,345	8,808,755	164,242,222
	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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 LOANS AND RECEIVABLES (Continued)

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

	2021			Total RMB
	12-month ECL RMB	Lifetime ECL not credit-impaired RMB	Lifetime ECL credit-impaired RMB	
Balance at 1 January	2,879,456	4,092,250	4,895,686	11,867,392
Transfer to 12-month ECL	–	–	–	–
Transfer to lifetime ECL not credit-impaired	(79,793)	79,793	–	–
Transfer to lifetime ECL credit-impaired	–	(77,104)	77,104	–
Net remeasurement of loss allowance	(551,716)	471,299	360,050	279,633
New financial assets originated	1,702,347	–	–	1,702,347
Financial assets that have been derecognised	(632,803)	(4,015,146)	(1,451,643)	(6,099,592)
Balance at 30 June	3,317,491	551,092	3,881,197	7,749,780

	2020			Total RMB
	12-month ECL RMB	Lifetime ECL not credit-impaired RMB	Lifetime ECL credit-impaired 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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 FINANCE LEASE RECEIVABLES

	At 30 June 2021 RMB	At 31 December 2020 RMB
Minimum finance lease receivables		
Not later than one year	129,465,665	135,877,427
Later than one year and not later than five years	7,626,841	5,933,071
Gross amount of finance lease receivables	137,092,506	141,810,498
Less: Unearned finance income	(10,581,073)	(10,905,487)
Net amount of finance lease receivables	126,511,433	130,905,011
Less: Allowances for impairment losses	(30,876,913)	(26,001,723)
Carrying amount of finance lease receivables	95,634,520	104,903,288
Present value of minimum finance lease receivables		
Not later than one year	119,124,607	125,177,179
Later than one year and not later than five years	7,386,826	5,727,832
Total	126,511,433	130,905,011

Analysis for reporting purpose as:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Non-current assets	7,196,086	5,576,558
Current assets	88,438,434	99,326,730
	95,634,520	104,903,288

(Expressed in Renminbi unless otherwise indicated)

12 FINANCE LEASE RECEIVABLES (Continued)**Analysis by security**

Finance lease receivables are mainly secured by leased assets which are used in 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 RMB6,821,720 was arranged through an entrusted loan with properties as the collateral as at 30 June 2021 (31 December 2020: RMB6,809,455).

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 30 June 2021 and 31 December 2020, the lessees' deposits pledged for related finance lease receivables were disclosed in note 17.

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.

	At 30 June 2021 RMB	At 31 December 2020 RMB
Overdue and impaired	101,551,215	101,546,730
Overdue but not impaired		
– Overdue within 30 days (inclusive)	864,300	3,420,673
– Overdue 30 to 90 days (inclusive)	–	–
– Overdue above 90 days	–	–
Neither overdue nor impaired	24,095,918	25,937,608
Less: Allowances for impairment losses	(30,876,913)	(26,001,723)
At the end of the period/year	95,634,520	104,903,288

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 suppliers or the agents of the leased assets through guarantee or from the disposal of leased assets.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

12 FINANCE LEASE RECEIVABLES (Continued)

(a) Finance lease receivables and allowance for impairment losses

	As at 30 June 2021			
	12-month ECL RMB	Lifetime ECL Not credit- impaired RMB	Lifetime ECL credit- impaired RMB	Total RMB
Net amount of finance lease receivables	24,960,218	–	101,551,215	126,511,433
Less: Allowances for impairment losses	(590,410)	–	(30,286,503)	(30,876,913)
Carrying amount of finance lease receivables	24,369,808	–	71,264,712	95,634,520

	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

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(Expressed in Renminbi unless otherwise indicated)

12 FINANCE LEASE RECEIVABLES (Continued)

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

	2021			
	12-month ECL RMB	Lifetime ECL not credit- impaired RMB	Lifetime ECL credit- impaired RMB	Total RMB
Balance at 1 January	625,039	-	25,376,684	26,001,723
Transfer to 12-month ECL	-	-	-	-
Transfer to lifetime ECL not credit-impaired	-	-	-	-
Transfer to lifetime ECL credit-impaired	(50,117)	-	50,117	-
Net remeasurement of loss allowance	(150,317)	-	4,988,541	4,838,224
New financial assets originated	338,978	-	-	338,978
Financial assets that have been derecognised	(173,173)	-	(119,841)	(293,014)
Write-offs	-	-	(8,998)	(8,998)
Balance at 30 June	590,410	-	30,286,503	30,876,913

	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

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(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	At 30 June 2021 RMB	At 31 December 2020 RMB
Non-current assets			
Other receivables		50,944	67,925
Deposits for property		189,565	–
		240,509	67,925
Current assets			
Trade receivables	<i>(ii)</i>	1,088,805	–
Other receivables		2,264,977	2,597,469
Less: allowances for impairment losses	<i>(i)</i>	(253,249)	(349,567)
		3,100,533	2,247,902
Advances to a related party	<i>(iii)</i>	8,489,877	–
Less: allowances for impairment losses	<i>(i)</i>	(594,291)	–
		7,895,586	–
Deductible value-added tax		4,771,154	2,238,856
Prepaid expenses		2,238,843	1,081,480
Prepayment for leasing assets		292,795	352,026
Deposits for property		–	189,565
		18,298,911	6,109,829
Total		18,539,420	6,177,754

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(Expressed in Renminbi unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (i) Movements of allowances on other receivables

	At 30 June 2021 RMB	At 31 December 2020 RMB
At 1 January	349,567	150,811
Charged for the period/year	497,973	198,756
At 30 June/31 December	847,540	349,567

- (ii) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on revenue recognition date, is as follows:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Within 1 month	800,569	–
Over 1 month but less than 3 months	288,236	–
Total	1,088,805	–
Less: Allowances for impairment losses	(43,111)	–
Total	1,045,694	–

Trade receivable are due 1 to 60 days from the date of billing. Trade receivable that are more than 60 days past due are requested to settle all outstanding balances before any further credit is granted.

- (iii) Advances to a related party

During the six months ended 30 June 2021, the Group entered into a loan agreement with Jinjiang Septwolves Trade Co., Ltd. ("Septwolves Trade", 晉江七匹狼貿易有限責任公司), a related company controlled by Mr. Zhou Yongwei. Under this agreement, the Group provided a loan to Septwolves Trade with the principal amounted to RMB8,300,000, a fixed interest rate of 5%. The loan with the accrued interest receivables amounted to RMB8,489,877 as at 30 June 2021, and is repayable on demand by a three-day notice or no later than 20 December 2021.

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14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	At 30 June 2021 RMB	At 31 December 2020 RMB
Wealth management products	(i)	9,759,596	39,668,535
Listed securities		9,339,802	11,906,420
		19,099,398	51,574,955

Note:

- (i) The above wealth management products were issued by commercial banks in the PRC. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

15 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB	At 31 December 2020 RMB
Deposits with banks	32,454,547	26,245,251

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.

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16 BORROWINGS

	Note	At 30 June 2021 RMB	At 31 December 2020 RMB
Bank loans – guaranteed	(i)	42,152,476	44,806,661

Analysis for reporting purpose as:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Non-current liabilities	11,400,000	–
Current liabilities	30,752,476	44,806,661
	42,152,476	44,806,661

Note:

- (i) As at 30 June 2021, loans amounting to RMB26,726,772 (2020: RMB44,806,661) was guaranteed by Septwolves Group Holding, loans amounting to RMB15,425,704 (2020: nil) was guaranteed by Fujian Septwolves Group.

As at 30 June 2021 and 2020, the borrowings were repayable as follows:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Within one year	30,752,476	44,806,661
After 1 year but within 2 years	11,400,000	–
	42,152,476	44,806,661

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

	At 30 June 2021 RMB	At 31 December 2020 RMB
Range of interest rates	4.05% – 5.46%	4.05% – 4.35%

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17 TRADE AND OTHER LIABILITIES

	Notes	At 30 June 2021 RMB	At 31 December 2020 RMB
Current liabilities			
Guaranteed deposits from lessees	(i)	5,004,596	5,698,255
VAT payable and other tax payable		11,105,557	10,554,949
Accounts payable	(ii)	722,617	480,944
Trade payables		1,036,650	–
Accrued staff costs		1,645,306	1,802,996
Receipts in advance		178,886	133,686
Accrued liabilities		339,623	805,175
Other payables		1,992,117	4,695,357
Notes payables		5,000,000	8,715,719
Dividends payable		4,493,233	–
		31,518,585	32,887,081
Non-current liabilities			
Guaranteed deposits from lessees	(i)	18,949,112	21,917,685
VAT payable		597,751	428,696
		19,546,863	22,346,381
Total		51,065,448	55,233,462

Notes:

- (i) Guaranteed deposit from lessees for reporting purpose:

	At 30 June 2021 RMB	At 31 December 2020 RMB
Current portion	5,004,596	5,698,255
Non-current portion	18,949,112	21,917,685
Total	23,953,708	27,615,940

- (ii) As at 30 June 2021 and 31 December 2020, the accounts payable comprise of amounts RMB722,617 and RMB480,944, 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)

18 CAPITAL, RESERVES AND DIVIDENDS**(a) Dividends**

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2021 RMB	2020 RMB
Final dividend in respect of the previous financial year, approved and declared during the following interim period, of HKD 2 cents per share (six months ended 30 June 2020: nil)	4,493,233	–

(b) 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 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 six months period ended 30 June 2021.

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS**(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.

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19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy:

	At 30 June 2021			Total RMB
	Level 1 RMB	Level 2 RMB	Level 3 RMB	
Financial assets at fair value through profit or loss				
– Wealth management products	–	9,759,596	–	9,759,596
– Listed securities	9,339,802	–	–	9,339,802
	9,339,802	9,759,596	–	19,099,398

	At 31 December 2020			Total RMB
	Level 1 RMB	Level 2 RMB	Level 3 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 six months ended 30 June 2021, 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.

20 COMMITMENTS

At 30 June 2021, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of the acquisitions of construction in progress and property, plant and equipment amounting to RMB13,160,023.

*(Expressed in Renminbi unless otherwise indicated)***21 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 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
Pirates Media. Co., Ltd.* (廈門市派若文化傳播有限公司) ("Pirates Media")	A company controlled by Chen Chunruo, close member of the Executive Director Huang Dake
恒禾物業(福建)有限公司.* Henghe Property (Fujian) Co., Ltd. ("Henghe Property")	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.

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(Expressed in Renminbi unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Remuneration for key management personnel

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

	Six months ended 30 June	
	2021 RMB	2020 RMB
Key management personnel remuneration	699,023	648,802

(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.

	Six months ended 30 June	
	2021 RMB	2020 RMB
Payment for leased assets		
– Jingong Machinery	4,684,000	7,976,800
Interest income		
– Septwolves Trade	189,877	935,346
Interest expense		
– Septwolves Group Holding	223,658	279,168
– Fujian Septwolves Group	63,281	60,759
Consulting expense		
– Pirates Media	7,426	–
Rental and property management fee		
– Septwolves Asset Management	454,769	435,000
– Huakai Fugui Property Management	124,676	117,007
– Mr. Zhou Yongwei	–	36,000
– Henghe Property	13,461	–
Advances to a related party		
– Septwolves Trade	8,300,000	33,800,000
Repayment from a related party		
– Septwolves Trade	–	33,800,000
Borrowing from a related party		
– Hong Kong Li Hong	–	776,424
Repayment to a related party		
– Hong Kong Li Hong	–	456,720
Prepayment for guarantee fee		
– Septwolves Group Holding	–	730,100
– Fujian Septwolves Group	–	332,000

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21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Balance with related parties

(i) Amounts due from related parties

	At 30 June 2021 RMB	At 31 December 2020 RMB
Trade related		
Prepayment for leasing assets – Jingong Machinery	292,795	352,026
Other prepayments – Fujian Septwolves Industry	11,460	18,460
Non-trade related		
Other receivables – Zijiang Capital	47,355	47,899
Advances to a related party – Septwolves Trade	8,489,877	–
Prepayment for guarantee fee to related parties – Septwolves Group Holding – Fujian Septwolves Group	129,130	141,407 196,208
Deposit for rental and property management – Septwolves Asset Management – Huakai Fugui Property Management	152,250 37,315	152,250 37,315

(ii) Amounts due to related party

	At 30 June 2021 RMB	At 31 December 2020 RMB
Trade related		
Accounts payable – Jingong Machinery	115,148	115,148

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(Expressed in Renminbi unless otherwise indicated)

21 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(e) Guarantees provided by related parties

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

	At 30 June 2021 RMB	At 31 December 2020 RMB
Fujian Septwolves Group	100,000,000	100,000,000
Septwolves Group Holding	270,000,000	270,000,000

22 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No adjustment has been made in this interim financial report in this regard.