富道
WEALTHY WAY

Wealthy Way Group Limited

富道集團有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 3848

INTERIM REPORT 2018

富道

WEALTHY WAY

CONTENTS

Corporate Information

COMPANY NAME

Wealthy Way Group Limited

STOCK CODE

03848

BOARD OF DIRECTORS

Executive Directors

Mr. LO Wai Ho *(Chairman)*
Ms. CHAN Shuk Kwan Winnie

Non-Executive Director

Mr. XIE Weiquan

Independent Non-Executive Directors

Mr. HA Tak Kong
Mr. IP Chi Wai
Ms. HUNG Siu Woon Pauline

AUDIT COMMITTEE

Mr. HA Tak Kong *(Chairman)*
Mr. IP Chi Wai
Ms. HUNG Siu Woon Pauline

REMUNERATION COMMITTEE

Mr. HA Tak Kong *(Chairman)*
Mr. LO Wai Ho
Mr. IP Chi Wai

NOMINATION COMMITTEE

Mr. HA Tak Kong *(Chairman)*
Mr. LO Wai Ho
Mr. IP Chi Wai

COMPANY SECRETARY

Ms. CHEUK Tat Yee

REGISTERED OFFICE

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3402, 34/F
China Resources Building
26 Harbour Road
Wanchai
Hong Kong

COMPANY WEBSITE

http://www.cwl.com

AUDITOR

Moore Stephens CPA Limited
801-806 Silverecrd, Tower 1
30 Canton Road
Tsimshatsui, Kowloon
Hong Kong

COMPLIANCE ADVISOR

Ample Capital Limited
Unit A, 14th Floor
Two Chinachem Plaza
135 Des Voeux Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Estera Trust (Cayman) Limited
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKER

Agricultural Bank of China
No. 69, Jianguomen Nei Avenue
Dongcheng District
Beijing
PRC

Management Discussion and Analysis

The board (the "Board") of directors (the "Directors") of Wealthy Way Group Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2018, together with the comparative figures for the corresponding period in 2017 as follows:

BUSINESS OVERVIEW

The Company was successfully listed on the Main Board of the Stock Exchange on 21 July 2017. During the six months ended 30 June 2018, the revenue of the Group was mainly derived from financial leasing interest income, financial leasing related factoring service income and advisory services income, accounting for approximately 65.8%, 31.0% and 3.2% of the total revenue of the Group, respectively.

The financial leasing industry in China experienced extremely rapid change in 2018 as the tightening of market liquidity resulted from the financial deleveraging reform promoted by People's Bank of the PRC which exerts impact on financial institutions. The Directors anticipated that the Group's business in the PRC will be impacted by the effect of the higher financing borrowing costs from the bank which therefore, affects the Groups financial position. Meanwhile, the Group will optimise risk review mechanism, risk control and after-loan asset management. The Group will continue to develop in a prudent manner so as to enhance asset quality and minimise our overall asset risk exposure.

Over the years, the Group has accumulated knowledge and experience in meeting the financing needs of customers in various industries and of different sizes in the PRC. The Group's financial leasing services are provided to customers who have financing needs as an alternative source of financing to traditional sources of financing. The Directors expect that not only the customers but also other companies in their industries will continue to have demand for financial leasing services. And the Directors believe that maintaining good relationship with the customers, equipment manufacturers and banks is crucial to the Group's continued success. The Group will also actively explore new business opportunities, and further expand and strengthen our regional customer base.

FINANCIAL REVIEW

The following discussion and analysis pertains to the financial information of the Group.

Revenue

The Group's revenue was derived from (i) interest income from financial leasing; (ii) interest income from financial leasing related factoring; (iii) financial leasing advisory services income; and (iv) other financial advisory services income. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded a decrease by approximately 15.9% from approximately RMB42.7 million for the six months ended 30 June 2017 to approximately RMB35.9 million for the six months ended 30 June 2018. The decrease was mainly due to the decrease in financial leasing advisory income in the first six months of 2018. For the six months ended 30 June 2018, the interest income from financial leasing contributed approximately RMB23.6 million (for the six months ended 30 June 2017: approximately RMB26.1 million). The interest income from financial leasing related factoring for the six months ended 30 June 2018 contributed approximately RMB11.1 million (for the six months ended 30 June 2017: approximately RMB2.4 million). The Group's advisory services mainly include financial leasing advisory services. For the six months ended 30 June 2018, advisory services income contributed approximately RMB1.1 million (for the six months ended 30 June 2017: approximately RMB14.1 million). The Directors intend to remain focused on the financial leasing services and expanded the financial leasing related factoring in the future to achieve long term growth.

Other income

Other income increased by approximately RMB0.4 million from approximately RMB0.9 million for the six months ended 30 June 2017 to approximately RMB1.3 million for the six months ended 30 June 2018 due to the overdue income penalty.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses increased by approximately RMB0.9 million or 25.0% from approximately RMB3.7 million for the six months ended 30 June 2017 to approximately RMB4.6 million for the six months ended 30 June 2018 due to the increase in the manpower for the Group's expanding business.

Other operating expenses

Other operating expenses included primarily the entertainment expense, legal and professional fee, travelling expenses, etc. For the six months ended 30 June 2018, the other operating expenses were approximately RMB3.8 million (for the six months ended 30 June 2017: approximately RMB4.1 million), representing approximately 10.4% of the Group's total revenue (for the six months ended 30 June 2017: approximately 9.6%).

Finance Cost

The finance cost remained constant at approximately RMB15.8 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017: approximately RMB15.7 million).

Profit for the period attributable to the owners of the Company

Profit for the period remained at approximately RMB 8.6 million for the six months ended 30 June 2018 (for the six months ended 30 June 2017:approximately RMB8.7 million).

Interim dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

Liquidity, financial resources and capital resources

As at 30 June 2018, the cash and cash equivalents were approximately RMB21.5 million (31 December 2017: approximately RMB56.0 million). The working capital (current assets less current liabilities) and total equity of the Group as at 30 June 2018 were approximately RMB406.2 million (31 December 2017: approximately RMB371.0 million) and approximately RMB466.1 million (31 December 2017: approximately RMB486.5 million).

As at 30 June 2018, the Group's bank borrowings with maturity within one year amounted to approximately RMB137.4 million (31 December 2017: approximately RMB117.6 million) and the Group's bank borrowings with maturity exceeding one year amounted to approximately RMB480.1 million (31 December 2017: approximately RMB551.1 million).

Gearing ratio (total bank borrowings/total equity) as at 30 June 2018 was approximately 132.5% (31 December 2017: approximately 137.4%). Such decrease was mainly due to decreasing bank borrowings resulting from the financial deleveraging reform.

Loan and account receivables

Loan and account receivables consisted of (i) financial leasing receivables including the principle and interest of financial leasing; (ii) factoring loan receivables; and (iii) accounts receivables of advisory services fees. As at 30 June 2018, the loan and account receivables were approximately RMB1,052.9 million (31 December 2017: approximately RMB1,147.3 million) which remained at similar level.

Capital commitments

As at 30 June 2018, the Group had no capital commitments (31 December 2017: Nil).

Employees and remuneration policy

As at 30 June 2018, the Group employed 44 full time employees (as at 30 June 2017: 45) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB4.6 million for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB3.7 million). The Group recognizes the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options may be granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

RISK MANAGEMENT

The Group's business operations are conducted in the PRC for the PRC financial leasing market. Accordingly, the Group's business, financial condition, results of operations and prospects are affected significantly by economic, political and legal developments in the PRC.

Being a financial leasing service provider, the Group has implemented a risk management system to mitigate the risks in daily operations. The risk management structure of the Group consists of the risk control committee at the top, under which are risk management department, business development department, and accounting and finance department. Each potential opportunity is assessed by the business development department on customer's background, credit records, financials and the underlying assets. The risk management department reviews all given information and thoroughly considers relevant risk factors. Where necessary, external legal advisors are engaged to review the legal issues in the project. The Group's accounting and finance department also works closely with the risk management department to assist in risk assessment by providing financial and tax opinions. The risk control committee as the final decision maker has the ultimate authority to approve each project. The Group also periodically conducts post-leasing management on the customers and monitor financial leasing receivables.

The Directors take both macro and micro economic conditions into account before making business decisions. The Group will continue to improve risk management capabilities. The Group would further streamline process workflow to enhance customer selection process, including credit assessment and approval procedures. In addition, the Group intends to upgrade information technology system, to more closely monitor each of the customers' financial and operational status. Finally, the Group will continue to expand risk management team to cater for expanding business operations.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any material contingent liabilities of guarantees (31 December 2017: Nil).

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

During the six months ended 30 June 2018, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

SHARE OPTION SCHEME

On 19 June 2017, the Company conditionally approved and adopted the share option scheme (the "Share Option Scheme") in accordance with the provision of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group ("Participants") as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and Substantial Shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any Participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme is 14,400,000 shares of the Company in total.

On 4 July 2018, under the Share Option Scheme,4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK$0.01 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK$6.02.

For options granted under the Share Option Scheme under 4 July 2018, the exercise price in relation to each option was determined by the Board of Directors of the Company, but in any event would not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day or (ii) the average of the closing prices of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant or (iii) the par value of a share of the Company. For further details of the Grant of share option, please refer to the announcement of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018.

Set out below are details of the outstanding options under the Share Option Scheme:

				Number of share options				
Name of Grantee	**Grant date**	**Exercise period**	**Exercise Price**	**Beginning of the reporting period**	**Granted during the Reporting Period**	**Exercised**	**Lapsed**	**Outstanding as at 30.6.2018**
Director of the Company or its subsidiary								
XIE Weiquan	4 July 2018	4 July 2018– 4 July 2019	HK$6.02	–	360,000	–	–	360,000
Senior Management of the Company or its subsidiary								
Lu Zemin	4 July 2018	4 July 2018– 4 July 2019	HK$6.02	–	360,000	–	–	360,000
Other employees of the Company or its subsidiary								
Employees	4 July 2018	4 July 2018– 4 July 2019	HK$6.02	–	3,600,000	–	–	3,600,000
				–	4,320,000	–	–	4,320,000

EVENTS AFTER THE REPORTING PERIOD

Grant of share options

On 4 July 2018, under the Share Option Scheme,4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK$0.01 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK$6.02. For further details of the Grant of share option, please refer to the announcement of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018.

Acquisition of 47% equity interests in 深圳市浩森小額貸款股份有限公司 (Shenzhen Haosen Credit Joint Stock (Limited) Company*) (the "Acquisition")

On 22 August 2018 (after trading hours), Wealthy Way International Finance Limited (a wholly-owned subsidiary of the Company) (the "Purchaser") entered into a sale and purchase agreement (the "Agreement") with, among others, 廣東恒豐投資集團有限公司 (Guangdong Hengfeng Investment Group Limited*) (the "Vendor") and Mr. Lu Nuanpei (the "Guarantor"). Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 47% equity interests in 深圳市浩森小額貸款股份有限公司 (Shenzhen Haosen Credit Joint Stock (Limited) Company*) (the "Target Company") at the consideration of RMB156,700,000 (subject to adjustment, where applicable). The consideration shall be settled (a) by way of cash in an amount of RMB47,010,000; and (b) by way of issue of promissory note by the Purchaser for the remaining balance of RMB109,690,000. As the Vendor is owned as to 80% by the Guarantor, who is sibling of Mr. Lo Wai Ho (an executive Director) and uncle of Mr. Xie Weiquan (a non-executive Director), each of the Vendor and the Guarantor is a connected person of the Company. Accordingly, the Acquisition constitutes a major and connected transaction of the Company under the Listing Rules.

Prior to the Acquisition, the Company had been interested in 8% equity interests in the Target Company through 富道(中國)融資租賃有限公司 (Wealthy Way (China) Leasing Company Limited*), its indirect wholly-owned subsidiary. Upon completion of the Acquisition, the Company will indirectly own an aggregate of 55% equity interests in the Target Company, and the Target Company will become an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial results, assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Group.

Completion of the Acquisition is conditional upon the conditions set forth in the Agreement being satisfied or (if applicable) waived by the Purchaser on or before 28 February 2019, or such other date as the Purchaser and the Vendor may agree. The Company will convene an extraordinary general meeting for the purpose of, among other things, obtaining the independent shareholders' approval for the Agreement and the transactions contemplated thereunder. For further details of the Acquisition, please refer to the announcement of the Company published on the websites of the Company and the Stock Exchange on 22 August 2018.

OUTLOOK AND PLANS

In the first half of 2018, the Directors have seen the maintenance in overall stability and progressive development of the overall economy in China. In the second half of 2018, the Group will continue with current prudent approach, effectively controlling cost and conservatively promoting business amongst customers of high calibre to adapt to this challenging environment. The Group will continue to enhance risk management capabilities; expand business operation into financial leasing related factoring service to capture growth opportunities; develop business with existing and new customers in industries with growth potential; strengthen management team by hiring senior staff with industry experience; and build up customer loyalty to the Group.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the rules governing the listing of securities on the Stock Exchange Hong Kong Limited ("Listing Rules"). During the six months ended 30 June 2018, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

BOARD COMMITTEES

We have established the following committees under the Board: the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee") and the nomination committee (the "Nomination Committee") on 19 June 2017. The committees operate in accordance with the terms of reference established by our Board. The written terms of reference of the three Board committees had been posted on the websites of the Company and the Stock Exchange.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Ha Tak Kong, Mr. Ip Chi Wai and Ms. Hung Siu Woon Pauline. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2018.

REMUNERATION COMMITTEE

The Remuneration Committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph B1 of the Corporate Governance Code. The primary functions of the Remuneration Committee are to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management, review performance based remuneration and ensure none of our Directors determine their own remuneration. The Remuneration Committee comprises Mr. Ha Tak Kong, Mr. Lo Wai Ho and Mr. Ip Chi Wai. Mr. Ha Tak Kong is the chairman of the Remuneration Committee.

NOMINATION COMMITTEE

The Nomination Committee pursuant to a resolution of our Board passed on 19 June 2017 with written terms of reference in compliance with paragraph A5 of the Corporate Governance Code. The primary duties of the Nomination Committee include reviewing the structure, size, and composition of our Board, assessing the independence of independent non-executive Directors and making recommendations to our Board on matters relating to the appointment of Directors. The Nomination Committee comprises Mr. Ha Tak Kong, Mr. Lo Wai Ho and Mr. Ip Chi Wai. Mr. Ha Tak Kong is the chairman of the Nomination Committee.

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

As at the date of this report, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the six months ended 30 June 2018, complied with the required standards set out therein.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the interests or short positions in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO as defined below) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (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 entered into the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange; were as follows:

Long positions in shares ("Shares")/underlying Shares of the Company

Name of Director	Nature of interest	Number of shares directly and beneficially held	Percentage of the Company's issued share capital
Mr. Lo Wai Ho (Note 1)	Interest of controlled corporation	108,000,000	75%

Note:

(1) Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 108,000,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.

Save as disclosed above, as at the date of this report, none of the Directors and chief executives of the Company and/or any of their respective associates had any interest and short position in the shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or to the Model Code of the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the following interests and short positions of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares ("Shares")/underlying Shares of the Company

Name of substantial shareholders	Capacity/nature of Interest	Number of Shares/ underlying Shares	Approximate percentage of the issued share (%)
Wealthy Rise Investment Limited	Beneficial owner	108,000,000	75%
Mr. Lo Wai Ho (Note 1)	Interest in a controlled corporation	108,000,000	75%
Ms. Lin Yihong (Note 2)	Interest of spouse	108,000,000	75%

Notes:

(1) Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 108,000,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.

(2) Ms. Lin Yihong is the spouse of Mr. Lo Wai Ho. Under the SFO, Ms. Lin Yihong is deemed to be interested in the same number of Shares in which Mr. Lo Wai Ho is interested.

Saved as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our 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 by the Company under Section 336 of the SFO.

By order of the Board
Wealthy Way Group Limited
Lo Wai Ho
Chairman and Executive Director

Hong Kong, 27 September 2018

As at the date of this report, the Board comprises Mr. Lo Wai Ho and Ms. Chan Shuk Kwan Winnie as executive Directors; Mr. Xie Weiquan as non-executive Director; and Mr. Ha Tak Kong, Mr. Ip Chi Wai and Ms. Hung Siu Woon Pauline as independent non-executive Directors.

* *The English name is for identification purpose only*

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2018

		Six months ended 30 June	
	Notes	**2018 RMB'000 (Unaudited)**	2017 RMB'000 (Unaudited)
Revenue	5	**35,895**	42,666
Other income		**1,262**	899
Employee benefit expenses		**(4,579)**	(3,663)
Impairment losses charged		**(250)**	—
Depreciation		**(292)**	(373)
Operations lease expense		**(730)**	(363)
Other operating expenses		**(3,751)**	(4,096)
Listing expense		**—**	(5,012)
Finance cost	6	**(15,753)**	(15,722)
Profit before income tax	7	**11,802**	14,336
Income tax expense	8	**(3,231)**	(5,642)
Profit for the period attributable to the owners of the Company		**8,571**	8,694
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**343**	343
Other comprehensive income for the period attributable to the owners of the Company		**343**	343
Total comprehensive income for the period attributable to the owners of the Company		**8,914**	9,037
Earnings per share (RMB cents):			
Basic and diluted	10	**6.0**	8.1

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2018

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	**2,038**	1,579
Loan and account receivables	12	**531,446**	699,464
Financial asset at fair value through other comprehensive income	15	**32,000**	—
Deferred tax assets		**9,844**	—
		575,328	701,043
Current assets			
Loan and account receivables	12	**521,512**	447,876
Prepayments, deposits and other receivables	13	**10,480**	2,703
Cash and cash equivalents		**21,503**	55,973
Due from a related party	14	**73**	—
		553,568	506,552
Current liabilities			
Deposits from financial leasing customers		**1,430**	200
Due to a director	14	**7**	—
Due to related parties	14	**—**	1,646
Due to ultimate holding company	14	**—**	4,327
Accruals and other payables		**4,684**	2,872
Deferred income		**2,086**	684
Bank borrowings — secured	16	**137,359**	117,569
Tax payable		**1,825**	8,302
		147,391	135,600
Net current assets		**406,177**	370,952
Total assets less current liabilities		**981,505**	1,071,995

	Notes	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Non-current liabilities			
Deposits from financial leasing customers		**35,323**	34,380
Bank borrowings — secured	16	**480,112**	551,114
		515,435	585,494
Net assets		**466,070**	486,501
EQUITY			
Share capital	17	**1,248**	1,248
Reserves		**464,822**	485,253
Total equity		**466,070**	486,501

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Share capital RMB'000	Share premium# RMB'000	Exchange reserve# RMB'000	Other reserve# RMB'000	Statutory surplus reserve# RMB'000	Retained profits# RMB'000	Total RMB'000
At 1 January 2017 (audited)	—*	—	(494)	218,400	9,209	71,749	298,864
Comprehensive income:							
Profit for the period	—	—	—	—	—	8,694	8,694
Other comprehensive income:							
Exchange differences arising on translating foreign operations	—	—	343	—	—	—	343
Total comprehensive income for the period	—	—	343	—	—	8,694	9,037
Transferred to statutory surplus reserve	—	—	—	—	1,691	(1,691)	—
At 30 June 2017 (unaudited)	—*	—	(151)	218,400	10,900	78,752	307,901
Balance at 31 December 2017 as originally presented	1,248	163,723	(4,216)	218,400	13,164	94,182	486,501
Initial adoption of HKFRS 9	—	—	—	—	—	(29,345)	(29,345)
Adjusted balance at 1 January 2018	**1,248**	**163,723**	**(4,216)**	**218,400**	**13,164**	**64,837**	**457,156**
Comprehensive income:							
Profit for the period	**—**	**—**	**—**	**—**	**—**	**8,571**	**8,571**
Other comprehensive income:							
Exchange differences arising on translating foreign operations	**—**	**—**	**343**	**—**	**—**	**—**	**343**
Total comprehensive income for the period	**—**	**—**	**343**	**—**	**—**	**8,571**	**8,914**
Transferred to statutory surplus reserve	**—**	**—**	**—**	**—**	**1,112**	**(1,112)**	**—**
At 30 June 2018 (unaudited)	**1,248**	**163,723**	**(3,873)**	**218,400**	**14,276**	**72,296**	**466,070**

* Amount less than RMB1,000

These reserves accounts comprise the consolidated reserves of approximately RMB464,822,000 (six months ended 2017: RMB307,901,000) in the consolidated statement of financial position.

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Cash flows from operating activities		
Operating profit before working capital changes	**27,808**	29,533
Decrease/(Increase) in loan and account receivables	**55,004**	(397,208)
Increase in prepayments, deposits and other receivables	**(7,349)**	(25,262)
Increase in accruals and other payables	**1,814**	4,387
Increase in deferred income	**1,402**	1,009
Increase in deposits from financial leasing customers	**2,173**	14,490
Cash generated from/(used in) operations	**80,852**	(373,051)
Income tax paid	**(9,771)**	(9,741)
Net cash generated from/(used in) operating activities	**71,081**	(382,792)
Cash flows from investing activities		
Bank interest income	**168**	899
Purchase of property, plant and equipment	**(726)**	(10)
Purchase of financial assets at fair value through other comprehensive income	**(32,000)**	—
Proceeds from sale of property, plant and equipment	**122**	—
Increase in amount due from a related party	**(73)**	—
Net cash (used in)/generated from investing activities	**(32,509)**	889
Cash flows from financing activities		
Interest paid on bank loans	**(15,753)**	(15,722)
Proceeds from bank loans	**8,300**	450,000
Repayments of bank loans	**(59,512)**	(64,355)
(Decrease)/Increase in amounts due to related parties	**(1,608)**	2,401
Increase in amount due to a director	**7**	—
Decrease in amount due to ultimate holding company	**(4,327)**	(319)
Net cash (used in)/generated from financing activities	**(72,893)**	372,005
Net decrease in cash and cash equivalents	**(34,321)**	(9,898)
Cash and cash equivalents at beginning of the period	**55,973**	107,365
Effect of foreign exchange rate changes	**(149)**	338
Cash and cash equivalents at end of the period	**21,503**	97,805

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015. The registered office of the Company is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The Company's principal place of business is located at Room 3402, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of financial leasing, factoring and advisory services in the People's Republic of China (the "PRC").

The shares of the Company were listed on the Main Board of the Stock Exchange (the "Listing") on 21 July 2017.

In contemplation of the Listing, our Group has undergone the reorganisation (the "Reorganisation"), pursuant to which the Company became the holding company of the Group. The details of the Reorganisation are set out in the prospectus issued by the Company dated 28 June 2017.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities of the Stock Exchange.

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the adoption 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.

The condensed consolidated financial statements 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 31 December 2017, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, HKAS and Interpretation issued by the HKICPA.

The condensed consolidated financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair values. The condensed consolidated financial statements are presented in Renminbi ("RMB"). All values are rounded to the nearest thousand except when otherwise indicated.

The condensed consolidated financial statements are unaudited but has been reviewed by the Company's audit committee.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in preparing the condensed consolidated financial statements were consistent with those applied for the consolidated financial statements of the Group for the year ended 31 December 2017 other than changes in accounting policies resulting from adoption of new and revised HKFRSs effective for the accounting periods beginning on or after 1 January 2018.

Adoption of new and revised HKFRSs

The HKICPA has issued a number of new or revised HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 9	Financial Instruments
HKFRS 15 and amendments to HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC)-Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 40	Transfers of Investment Property
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle

Save as disclosed in the note 4, the adoption of other new and revised HKFRSs in the current interim period has no material effect on the amounts reported in the condensed consolidated interim financial statements.

The Group has not early adopted any new or revised HKFRSs that have been issued but are not yet effective in the condensed consolidated interim financial statements.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES

This note summarises the impact of the adoption of HKFRS 9 Financial Instruments and HKFRS 15 Revenue from Contracts with Customers on the condensed consolidated interim financial statements.

Impacts and changes in accounting policies of adoption on HKFRS 9 Financial Instruments and the related amendments

In the current period, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses for financial assets and 3) general hedge accounting.

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Impacts and changes in accounting policies of adoption on HKFRS 9 Financial Instruments and the related amendments (Continued)

Under the transition methods chosen, the Group recognises cumulative effect of the initial adoption of HKFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9.

	At 31 December 2017 RMB'000	Impact on initial adoption of HKFRS 9 RMB'000	At 1 January 2018 RMB'000
Loan and account receivables	699,464	(23,852)	**675,611**
Deferred tax assets	—	9,781	**9,782**
Total non-current assets	701,043	(14,071)	**686,972**
Loan and account receivables	447,876	(15,274)	**432,602**
Current assets	506,552	(15,274)	**491,278**
Net assets	486,501	(29,345)	**457,156**
Reserves	485,253	(29,345)	**455,908**
Total equity	486,501	(29,345)	**457,156**

Classification and measurement of financial instruments

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Classification and measurement of financial instruments (Continued)

Non-equity investments held by the Group are classified into one of the following measurement categories:

— Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

— FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment as FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

The following table and the accompanying notes explain the original measurement categories for each class of the Group's financial assets under HKAS 39 and new measurement categories under HKFRS 9.

Financial assets	**Original classification under HKAS 39**	**New classification under HKFRS 9**	**Carrying amount as at 1 January 2018 under HKAS 39** RMB'000	**Carrying amount as at 1 January 2018 under HKFRS 9** RMB'000
Loan and account receivables	Loans and receivables	Amortised cost	1,147,340	1,108,214
Other receivables	Loans and receivables	Amortised cost	2,703	2,703
Cash and cash equivalents	Loans and receivables	Amortised cost	55,973	55,973

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Expected credit losses for financial assets

HKFRS 9 replaces the "incurred loss" model in HKAS 39 with an "expected credit loss" ("ECL") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises credit losses earlier than under the "incurred loss"model in HKAS 39.

The Group applies the new ECL model to financial assets measured at amortised cost, including cash and cash equivalents, loan and account receivable, other receivables and finance lease receivables.

Financial assets measured at fair value, including equity investments designated at FVOCI, are not subject to the ECL assessment.

Measurement of ECLs

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

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

Under HKFRS 9, ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected life of a financial instrument to which the ECL model applies.

The Group has measured loss allowances for finance lease receivables and trade receivables based on lifetime ECLs. For factoring receivables, the Group measures the loss allowance equal to 12-month ECL. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 30 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forwardlooking information.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

Significant increases in credit risk (Continued)

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit impaired financial assets

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

Write-off policy

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

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

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

Opening balance adjustment

As a result of this change in accounting policy, the Group has recognised additional ECLs amounting to RMB39,126,000 which decreased retained earnings by RMB29,345,000 and increased deferred tax assets by RMB9,782,000 at 1 January 2018. The reconciliation between the closing loss allowance determined in accordance with HKAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with HKFRS 9 as at 1 January 2018 is summarised in note 4.

Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below: — Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current period. — The assessment of determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial adoption of HKFRS 9 by the Group). — If, at the date of initial adoption, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

4. SUMMARY OF THE IMPACT OF CHANGES IN ACCOUNTING POLICIES (Continued)

HKFRS 15 Revenue from Contracts with Customers ("HKFRS 15")

HKFRS 15 supersedes HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations. HKFRS 15 has established a five-steps model to account for revenue arising from contracts with customers. Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

— provides all the benefits received and consumed simultaneously by the customer;

— creates and enhances an asset that the customer controls as the Group performs; or

— does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Based on the assessment, the adoption of HKFRS 15 has no significant impact on the Group's revenue recognition as the Group's finance lease income and factoring income are not within the scope of HKFRS 15. Details of the new accounting policies and the nature of the changes to previous accounting policies in relation to the advisory services income provided by the Group are set out below:

Revenue for the provision of advisory services is recognised at point in time when the services have been rendered by reference to the stage of completion under HKAS 18. Based on the assessment, the revenue for the provision of advisory services is recognised at the point in time when the service is completed. As all the advisory contracts were with short duration and they were completed before the years/periods ended, the adoption of HKFRS 15 did not result in significant impact on the Group's financial position and performance.

5. REVENUE AND SEGMENT INFORMATION

Revenue for the reporting period represents income received and receivable from the provision of financial leasing, factoring and advisory services in the PRC.

The Directors have determined that the Group has only one operating and reportable segment throughout the reporting period, as the Group is principally engaged in providing financial leasing, factoring and advisory services in the PRC, and the executive Directors, being the chief operating decision maker of the Group, review the consolidated financial position and results of the Group as a whole for the purposes of allocating resources and assessing performance of the Group.

The Company is an investment holding company and the principal place of the Group's operation is in the PRC. All the Group's revenue and non-current assets are principally attributable to the PRC, being the single geographical region.

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2018 **RMB'000** **(Unaudited)**	2017 RMB'000 (Unaudited)
Revenue		
Interest income from financial leasing	**23,638**	26,132
Interest income from factoring	**11,125**	2,392
Advisory services income	**1,132**	14,142
— Financial leasing advisory services income	**1,132**	13,067
— Other financial advisory service income	**—**	1,075
	35,895	42,666

6. FINANCE COST

	Six months ended 30 June	
	2018 **RMB'000** **(Unaudited)**	2017 RMB'000 (Unaudited)
Interest on bank borrowings	**15,753**	15,722

7. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging:

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Auditor's remuneration	**355**	286
Donation	**—**	884
Employee benefit expenses		
— Directors' remuneration	**682**	702
— Salaries and welfare	**3,503**	2,481
— Retirement benefit scheme contributions	**394**	480
	4,579	3,663

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Current tax — PRC	**3,294**	5,642
Deferred tax	**(63)**	—
	3,231	5,642

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island ("BVI"), the Group is not subject to any income tax under these jurisdictions for the six months ended 30 June 2018.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2018 (six months ended 30 June 2017 (unaudited): Nil).

Under the Enterprise Income Tax Law of PRC (the "EIT Law") and the Implementation Regulation of the EIT Law, the subsidiaries in the PRC are subject to the tax rate of 25% on the estimated assessable profits during the six months ended 30 June 2018 (six months ended 30 June 2017: 25%).

No deferred tax liabilities have been provided in respect of temporary differences attributable to the retained profits of the subsidiaries in the PRC at 30 June 2018 (31 December 2017 (audited): Nil) as the Group is able to control the timing of reversal of the temporary differences and the directors of the Company considered that the subsidiaries in the PRC will not distribute any dividend in the foreseeable future.

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017 (unaudited): Nil).

10. EARNINGS PER SHARE

	Six months ended 30 June	
	2018 (Unaudited)	2017 (Unaudited)
Earnings:		
Profit for the period attributable to the owners of the Company (RMB'000)	**8,571**	8,694
Number of shares:		
Weighted average number of ordinary shares (in thousand)	**144,000**	108,000

The number of shares used for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalisation issue as mentioned in note 17(b) as if it had occurred on 1 January 2017.

No diluted earnings per share amount is presented as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2018 (six months ended 30 June 2017 (unaudited): Nil).

11. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group acquired motor vehicle and equipment at a total cost of approximately RMB726,000 (year ended 31 December 2017 (audited): RMB839,000). Motor vehicle at a total cost of approximately RMB680,000 (six months ended 30 June 2017: Nil) was disposed by the Group during the Reporting Period.

12. LOAN AND ACCOUNT RECEIVABLES

	Notes	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Non-current assets:			
Financial leasing receivables	(a)	**551,466**	661,514
Factoring loan receivables	(b)	**14,000**	37,950
		565,466	699,464
Current assets:			
Financial leasing receivables	(a)	**258,488**	275,772
Factoring loan receivables	(b)	**267,438**	172,074
Account receivables		**942**	30
		526,868	447,876
Loan and account receivables, gross		**1,092,334**	1,147,340
Less: Allowance for impairment losses			
— financial leasing receivables	(a)	**(27,844)**	—
— factoring loan receivables	(b)	**(11,532)**	—
		1,052,958	1,147,340

Analysis for reporting purpose as:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Non-current assets	**531,446**	699,464
Current assets	**521,512**	447,876
	1,052,958	1,147,340

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes:

(a) The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rate of the above financial leasing is ranging from 5.4% to 15.3% (31 December 2017 (audited): 5.4% to 15.3%) per annum as at 30 June 2018.

As at 30 June 2018, the Group's financial leasing receivables of approximately RMB162,305,000 (31 December 2017 (audited): RMB216,204,000) were carried at fixed-rate and the remaining balances of approximately RMB647,649,000 (31 December 2017 (audited): RMB721,082,000) were carried at variable-rate.

	Minimum lease payments As at		Present value of minimum lease payments As at	
	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)	**30 June 2018 RMB'000 (Unaudited)**	31 December 2017 RMB'000 (Audited)
Financial leasing receivables comprise:				
Within one year	**299,493**	324,652	**258,488**	275,772
More than one year but not more than five years	**593,659**	710,367	**551,466**	651,837
More than five years	**—**	9,733	**—**	9,677
	893,152	1,044,752	**809,954**	937,286
Less: Unearned finance income	**(83,198)**	(107,466)	**—**	—
Present value of minimum lease payment	**809,954**	937,286	**809,954**	937,286
Less: Allowances for impairment losses	**(27,844)**	—	**(27,844)**	—
	782,110	937,286	**782,110**	937,286

Based on the loan repayment date set out in the relevant contracts, ageing analysis of the Group's financial leasing receivables as of each reporting date is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0 to 30 days	**24,554**	35,166
31 to 90 days	**53,141**	57,158
91 to 365 days	**180,793**	183,448
Over 365 days	**551,466**	661,514
Financial leasing receivables, gross	**809,954**	937,286
Less: Allowances for impairment losses	**(27,844)**	—
	782,110	937,286

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) (Continued)

The credit quality analysis of financial leasing receivables as at the reporting date is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Not yet overdue	**778,873**	927,306
Overdue but not credit impaired	**1,262**	9,980
Overdue and credit impaired	**29,819**	—
Less: Allowances for impairment losses	**(27,844)**	—
	782,110	937,286

Finance lease receivables are mainly secured by lease assets, customers' and suppliers' deposits and lease assets repurchase arrangement where applicable. Additional collaterals may be obtained from customers to secure their repayment obligations under finance leases and such collaterals include property, plant and equipment, guarantee of the customers and/or their related parties.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded as at the reporting date.

(b) The Group's factoring loan receivables are denominated in RMB which is the functional currency of the relevant group entity, the credit period granted to each of the customers is generally for a period of 1 year to 2 years. The effective interest rate of the above factoring loan receivables is ranging from 7.7% to 12.7% (31 December 2017 (audited): 7.7% to 16.3%) per annum as at 30 June 2018.

As at 30 June 2018, the factoring loan receivables was collateralised by the customers' accounts receivables with carrying amount of approximately RMB335,591,000 (31 December 2017 (audited): RMB306,810,000).

Based on the maturity date set out in the relevant contracts, ageing analysis of the Group's factoring loan receivables as of each reporting date is as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
0 to 30 days	**6,238**	30,574
31 to 90 days	**57,000**	18,500
91 to 365 days	**204,200**	123,000
Over 365 days	**14,000**	37,950
Factoring loan receivables, gross	**281,438**	210,024
Less: Allowances for impairment losses	**(11,532)**	—
	269,906	210,024

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) (Continued)

The credit analysis of the Group's factoring loan receivables as at the reporting date is as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
Not yet overdue	**276,438**	210,024
Overdue but not credit impaired	**5,000**	—
Less: Allowances for impairment losses	**(11,532)**	—
	269,906	210,024

In the event that an installment repayment of a financial leasing lease receivable or factoring loan receivable is past due, only the balance of this instalment is classified as overdue.

The management of the Company reviews and assesses individual impairment assessment based on customers' repayment history and the values of the assets pledged and the collective impairment assessment based on the current and forecasted industry conditions in which the customers operate.

Movements in allowances for financial leasing and factoring loan receivables for the reporting periods are as follows:

	As at 30 June 2018 RMB'000	As at 31 December 2017 RMB'000
At the beginning of the period/year	**—**	—
Impairment loss recognised at 1 January 2018 upon adoption of HKFRS9	**39,126**	—
Impairment loss recognised for the period/year	**250**	—
At the end of the period/year	**39,376**	—

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at	
	30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Prepayments	**642**	2,268
Deposits	**353**	350
Other receivables	**9,485**	85
	10,480	2,703

14. DUE FROM/(TO) A DIRECTOR/RELATED PARTIES/ULTIMATE HOLDING COMPANY

The amounts due were unsecured, interest free and repayable on demand.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	As at 30 June 2018 RMB'000 (Unaudited)
Unlisted equity securities designated at FVOCI	**32,000**

On 21 June 2018, the Group acquired 8% of the equity interests in 深圳市浩森小額貸款股份有限公司 ("浩森小額貸款"), a company incorporated in the PRC and engaged in the provision of micro-credits loans.

The Group designated its investment in 浩森小額貸款 at FVOCI (non-recycling), as the investment is not held for trading purpose. No dividends were received on the investment during the period.

Subsequent to the reporting period, the Group entered into a sale and purchase agreement with a connected party (the "Vendor"), pursuant to which the Vendor has conditionally agreed to sell and transfer and the Group has conditionally agreed to acquire 47% of the equity interest in 浩森小額貸款 at a total consideration of RMB156,700,000. For the details of the acquisition, please refer to the announcement of the Company dated 22 August 2018.

16. BANK BORROWINGS

	As at 30 June 2018 RMB'000 (Unaudited)	As at 31 December 2017 RMB'000 (Audited)
Bank loans — secured, repayable*:		
Within one year	**137,359**	117,569
More than one year, but not exceeding two years	**150,895**	147,569
More than two years, but not exceeding five years	**241,302**	393,868
More than five years	**87,915**	9,677
	617,471	668,683
Less: Amount shown under current liabilities	**(137,359)**	(117,569)
	480,112	551,114

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

As at 30 June 2018, the Group's bank borrowings were variable-rate borrowings which carried annual interest per annum ranging from 105% to 110% (31 December 2017 (audited): 105% to 110%) of the benchmark rate offered by the PBOC. As at 30 June 2018, the effective interest rates of the Group's secured bank loans were ranging from 4.5% to 5.6% (31 December 2017 (audited): 4.5% to 5.0%) per annum.

As at 30 June 2018, all of the Group's bank borrowings (31 December 2017 (audited): all) were secured by charges over certain leased assets.

The Group's bank borrowings are denominated in RMB which is the functional currency of the relevant group entity.

17. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares	Amount HK$'000
Ordinary Shares of HK$0.01 of each		
Authorised:		
At 1 January 2017, 31 December 2017 and 30 June 2018	20,000,000,000	200,000

	Number of ordinary shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2017	1,000	—*
Issue of shares upon Share Offer (note a)	36,000,000	312
Capitalisation issue of shares (note b)	107,999,000	936
At 31 December 2017 and 30 June 2018	144,000,000	1,248

Notes:

(a) On 21 July 2017, 36,000,000 ordinary shares of HK$0.01 each of the Company were issued at a price of HK$5.56 by way of Share Offer. On the same date, the Company's shares were listed on the Exchange. Out of the proceeds, an amount of HK$360,000 (equivalent to RMB312,000) representing the par value of the shares of the Company, were credited to the Company's share capital. The remaining amount of the proceeds of HK$199,800,000 (equivalent to RMB173,142,000), before issue expenses, were credited to the share premium account.

(b) Pursuant to the written resolutions of the shareholders passed on 19 June 2017, upon the share premium account of the Company being credited as a result of the Share Offer of the Company's shares, the directors of the Company were authorised to capitalise an amount of HK$1,079,000 (equivalent to RMB936,000) standing to the credit of the share premium account of the Company and applied in paying up in full at par a total of 107,999,000 shares for allotment and issue to the shareholders of the Company (the "Capitalisation Issue"), all of which shall rank *pari passu* in all respects with the existing shares. The Capitalisation Issue was completed on 21 July 2017.

18. RELATED PARTY TRANSACTIONS

Save as disclosed in these condensed consolidated financial statements, the Group had the following transactions with related parties during the period.

(a) Transactions with related parties

	Notes	Six months ended 30 June 2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Rental expense paid to a related company	(i)	**249**	249
Building management fee paid to a related company	(i)	**109**	99
Hospitality expense for functions in the hotel paid to a related company	(i)	**157**	67

Note:

(i) Mr. Lo's elder brother, Mr. Lu Nuan Pei, was one of the ultimate beneficial owners of the above related companies.

The transactions listed above between the Group and the aforementioned related parties were conducted according to the terms mutually agreed.

(b) Compensation of key management personnel

The details of the remuneration paid to the key management personnel, who are the members of board of directors, during the reporting period are set out in note 7.

19. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated ranging from one to three years (31 December 2017 (audited): one to three years).

As at the end of each reporting period, the Group had minimum outstanding commitments under non-cancellable operating leases in respect of land and buildings which fall due as follows:

	As at 30 June 2018 RMB'000 (Unaudited)	31 December 2017 RMB'000 (Audited)
Within one year	**1,369**	993
More than one year, but not exceeding five years	**1,262**	1,573
	2,631	2,566

20. EVENTS AFTER THE REPORTING PERIOD

Grant of share options

On 4 July 2018, under the Share Option Scheme,4,320,000 share options to subscribe for an aggregate of 4,320,000 ordinary shares of HK$0.001 each of the Company were granted to certain employees with validity period of the options from 4 July 2018 to 4 July 2019, and exercise price of HK$6.02. For further details of the Grant of share option, please refer to the announcement of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018.

Acquisition of 47% equity interests in 深圳市浩森小額貸款股份有限公司 (Shenzhen Haosen Credit Joint Stock (Limited) Company*) (the "Acquisition")

On 22 August 2018 (after trading hours), Wealthy Way International Finance Limited (a wholly-owned subsidiary of the Company) (the "Purchaser") entered into a sale and purchase agreement (the "Agreement") with, among others, 廣東恒豐投資集團有限公司 (Guangdong Hengfeng Investment Group Limited*) (the "Vendor") and Mr. Lu Nuanpei (the "Guarantor"). Pursuant to the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire 47% equity interests in 深圳市浩森小額貸款股份有限公司 (Shenzhen Haosen Credit Joint Stock (Limited) Company*) (the "Target Company") at the consideration of RMB156,700,000 (subject to adjustment, where applicable). The consideration shall be settled (a) by way of cash in an amount of RMB47,010 ,000; and (b) by way of issue of promissory note by the Purchaser for the remaining balance of RMB109,690,000. As the Vendor is owned as to 80% by the Guarantor, who is sibling of Mr. Lo Wai Ho (an executive Director) and uncle of Mr. Xie Weiquan (a non-executive Director), each of the Vendor and the Guarantor is a connected person of the Company. Accordingly, the Acquisition constitutes a major and connected transaction of the Company under the Listing Rules.

Prior to the Acquisition, the Company had been interested in 8% equity interests in the Target Company through 富道(中國)融資租賃有限公司 (Wealthy Way (China) Leasing Company Limited*), its indirect wholly-owned subsidiary. Upon completion of the Acquisition, the Company will indirectly own an aggregate of 55% equity interests in the Target Company, and the Target Company will become an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial results, assets and liabilities of the Target Company will be consolidated into the consolidated financial statements of the Group.

Completion of the Acquisition is conditional upon the conditions set forth in the Agreement being satisfied or (if applicable) waived by the Purchaser on or before 28 February 2019, or such other date as the Purchaser and the Vendor may agree. The Company will convene an extraordinary general meeting for the purpose of, among other things, obtaining the independent shareholders' approval for the Agreement and the transactions contemplated thereunder. For further details of the Acquisition, please refer to the announcement of the Company published on the websites of the Company and the Stock Exchange on 22 August 2018.