盛業資本

SHENG YE CAPITAL



2021

INTERIM REPORT

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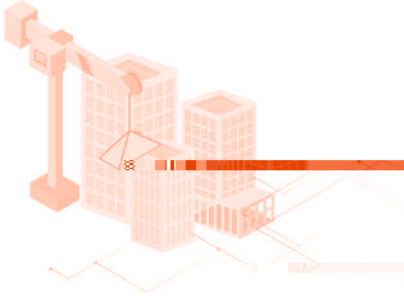


PERFORMANCE HIGHLIGHTS

For the six months ended 30 June 2021

- Total cumulative assets under management was approximately RMB115 billion as of 30 June 2021, representing an increase of approximately 39% as compared to approximately RMB83 billion as of 30 June 2020.
- In line with the Group's platform-based strategy, total cumulative platform users were over 8,200 as of 30 June 2021, representing an increase of approximately 72% as compared to over 4,700 as of 30 June 2020. Total funding partners increased by 82% to 62 over that for the corresponding period in 2020.
- Income from digital financing solutions for the six months ended 30 June 2021 was RMB200.6 million representing a decrease of approximately 13%, as compared to RMB231.6 million for the six months ended 30 June 2020.
- Income from platform-based services for the six months ended 30 June 2021 was RMB23.3 million representing an increase of approximately 39%, as compared to RMB16.7 million for the six months ended 30 June 2020. Within this segment, income from loan facilitation services increased by approximately 3 times over that of the same period last year.
- Profit after taxation for the six months ended 30 June 2021 was RMB167.0 million representing a decrease of approximately 9%, as compared to the profit after tax of RMB182.7 million for the six months ended 30 June 2020. Excluding gains from changes in fair value of investments in equity tranche, adjusted net profit in the first half of 2021 was RMB144.1 million, an increase of RMB3.0 million or 2% year-on-year.





MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. About Sheng Ye Capital

Sheng Ye Capital (the "**Group**" or "**SY Capital**") is a leading supply chain fintech platform providing data-driven efficient and inclusive financing solutions for companies across the Asia-Pacific. Amidst the surge in connectivity and digitalization shaping the future of economies and businesses, the Group strategically positions itself as the one-stop supply chain Software-as-a-Service ("**SaaS**") and fintech solution for enterprises and financial institutions, driving supply chain efficiency and making finance more inclusive.

The Dual-Engine, One-Platform strategy unveiled by the Group in January 2021 created the foundation for a more efficient and sustainable growth over the next three years. The Dual Engine refers to (i) the deepening of the Group's technology leadership and integration into the supply chain ecosystem; and (ii) the enhancement of its digital financing capabilities. These two engines work synergistically to fully harness the Group's technology platform that will more effectively connect and pool various resources within the supply chain ecosystem.

In line with this strategy upgrade, the Group re-classified its business segments into (i) digital financing solutions (ii) platform-based services and (iii) supply chain technology services, which reflects the distinctive nature of each segment. By re-organizing these key verticals, the Group aims to align its resources and competencies to better serve the needs of various stakeholders in the supply chain ecosystem while ensuring competitiveness within the marketplace.

Digital Financing Solutions

SY Capital leverages its technology platform to offer a range of flexible supply chain financing solutions including account receivable ("**AR**")-based lending as well as loan guarantee services to meet the vast financing needs of underserved small, medium, and micro enterprises ("**SMEs**") in the Asia Pacific region. For the six months period ending June 2021, over 95% of digital financing solutions were delivered to SMEs. Through its technology platform, the Group analyzes and reviews multidimensional data to validate the creditworthiness of the underlying transactions relating to the supply chain financing, the collection of AR on behalf of customers, including periodic customer reporting relating to their supply chain financing.

The Group's proprietary fintech platform, known as "Easy Factoring", is cloud-enabled and blockchain-ready, incorporating a comprehensive suite of technologies such as electronic signatures, optical character recognition ("**OCR**"), natural language processing ("**NLP**"), big data analytics, video authentication and facial recognition, to automate and facilitate the Group's risk management system, as well as to ensure a seamless customer experience for online application and the approval process.

Platform-based Services

In recent years, the Group's technological capabilities has also been instrumental in driving its capital light platform-based businesses. Under this category, the Group provides AR management and asset origination services as part of its loan facilitation business, enabling banks and other financial institutions to tap on additional customer acquisition channels. This approach also enables the Group to capitalize on the rapid digitalization of the economy and its operating track record, allowing it to effectively connect quality assets to funding providers within the supply chain ecosystem. As of 30 June 2021, the Group's total number of funding partners stood at 62, an increase of 82% over the previous period of 34 as of 30 June 2020.

As part of its platform-based offering, the Group also facilitates the issuance of asset-backed financial products including asset-backed securities ("**ABS**") and asset-backed notes ("**ABN**") by large corporations through providing information technology support, AR securitization and asset management services.



Supply Chain Technology Services

As part of expanding its technological offerings and efforts to further solidify its position as a one-stop service platform within the supply chain ecosystem, SY Capital provides customers with SaaS solutions such as smart enterprise solutions and supply chain procurement systems. Since inception, this strategy has enabled the Group to access real-time transaction data, enhance supply chain finance offerings and deepen relationships with various stakeholders including core enterprises, SMEs and financial institutions within the supply chain service ecosystem.

As an extension of these technological solutions, coupled with deep industry knowledge in the core sectors of infrastructure, medical and energy, the Group also provides smart industrial Internet-of-Things ("**IIoT**") and efficient SaaS solutions to enterprises, enabling greater visibility on their operations and better cost-to-performance management. The pioneering sectors targeted by the Group under this category include smart construction and hospital supply, processing, and distribution ("**SPD**") solutions.

These supply chain technology services not only increase the operating efficiency of the enterprises but also allow the Group



Loan Facilitation Continues to Grow

The Group continued to see resilient and stable loan growth during the first half of the year, supported by heightened activity within the SME segment as well as strong economic recovery emerging from the pandemic. During the first half of 2021, the daily average balance of the Group's loan facilitation business increased to RMB1,177 million from RMB413 million, representing a 185% increase over the same period during the previous year.

This increase is in line with the Group's technology-enabled platform-driven strategy and meaningful diversification of revenue towards platform origination. The increase in loan facilitation activity is also driven partly by supportive government policies to ramp up inclusive financing to SME businesses by large commercial banks as mentioned in the Chinese Government's work report delivered at the Fourth Session of the 13th National People's Congress of the People's Republic of China on March 5, 2021[2].

Strengthening Industrial Technology Capabilities through Strategic Investments

As part of the Dual-Engine, One-Platform strategy, the Group entered into agreements with several strategic parties in the industrial technology space which includes the infrastructure and healthcare sub-segments, to further solidify its market leadership within the supply chain ecosystem.

In June 2021, SY Capital completed a strategic investment into Shanghai LinkedCare Information Technology Co Ltd., a leading consumer healthcare SaaS provider. This collaboration is highly aligned with the Group's efforts to deepen its foray into the healthcare segment which in turn will also further enhance its big data analytics and integrated supply chain service capabilities.

In August 2021, the Group, together with Guangxi Tencent Venture Capital Co.,Ltd, completed an investment into Beijing Mengcheng Technology Co. Ltd., a leading SaaS provider of engineering project management solutions for the infrastructure industry, as part of its series B financing round. This initiative not only supports the digitalization and upgrade of the infrastructure sector, but also underscores the Group's expansion into the area of smart construction, allowing it to unlock further synergies from this strategic collaboration.

Notable Strategic Collaboration Initiatives

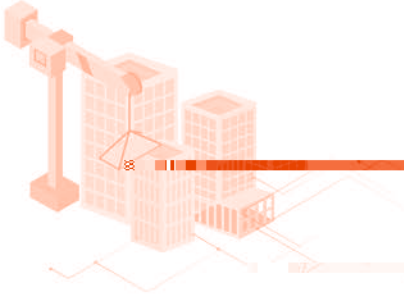
SY Capital continues to strengthen its position in the market through forging strategic relationships with leading blue-chip enterprises.

In February 2021, the Group signed a cooperation agreement with China Railway Capital Commercial Factoring, a subsidiary of China Railway Capital to leverage the digital platform capabilities of the Group to serve the SME suppliers within the infrastructure supply chain.

In July 2021, the Group signed a strategic partnership with Lianren Digital Health Technology Co., Ltd., a digital health-technology company backed by China Mobile. Under the partnership, both parties will jointly promote the application of big data which includes analytics, digitalization of the medical sector, IoT technology and supply chain digital financing solutions.



[2] http://english.www.gov.cn/premier/news/202103/13/content_WS604b9030c6d0719374afac02.html



FINANCIAL REVIEW

Revenue

The Group's total revenue decreased by 9.9% year-on-year to RMB223.8 million for the six months ended 30 June 2021, compared to RMB248.4 million for the same period last year, mainly due to the fact that the Group is focusing more on its capital-light platform-based services under the strategic transformation. In particular, the interest income from digital financing solutions decreased, which was offset, however, to a certain extent by the rapid growth of income from platform-based services. The following table sets forth the comparative figures for the six months ended 30 June 2021 and 2020.

	Six months ended 30 June				
	2021			2020	
	RMB'000	% of total revenue	Year-on-year	RMB'000	% of total revenue



Digital Financing Solutions

Revenue from digital financing solutions comprises interest income received from providing flexible financing solutions and guarantee

Net Profit

Net profit in the first half of 2021 was RMB167.0 million, a decrease of RMB15.7 million or 8.6% year-on-year. Net profit margin



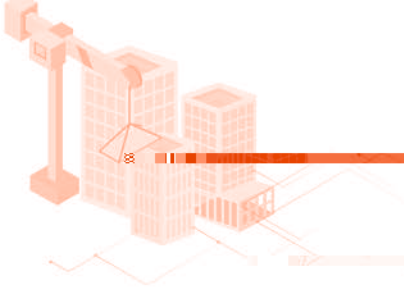
Taxation

Income tax expenses represent the tax expense arising from the assessable profit generated by the Group in the PRC, withholding tax levied on interest income of Hong Kong subsidiaries, withholding tax levied on dividend declared of a PRC subsidiary and deferred tax. Except for certain PRC subsidiaries that enjoy preferential tax rates, PRC enterprise income tax is calculated at 25% of the estimated assessable profits for both six months ended 30 June 2021 and 2020. The decrease in effective tax rate from 14.4% for the six months ended 30 June 2020 to 11.0% for six months ended 30 June 2021 was mainly attributable to the increase in the profit before taxation for certain PRC subsidiaries that enjoy preferential tax rates.

For the six months ended 30 June 2021, income tax expenses amounted to approximately RMB20.6 million (for the six months ended 30 June 2020: RMB30.8 million).

BUSINESS OUTLOOK AND PROSPECTS

China continues to encourage the development of strategic industries with a focus on nurturing technologies and new digital industries under its annual work report and 14th Five-Year Plan. The Group believes that this policy will support the Chinese Government's push towards digitalizing and upgrading the industrial landscape, driving demand for smart construction solutions,



INTERIM DIVIDEND

The Board does not recommend payment of any interim dividend for the period ended 30 June 2021 (2020: Nil).

USE OF PROCEEDS

The Placement in 2018

On 28 June 2018, the Company, Wisdom Cosmos Limited ("**Wisdom Cosmos**"), the immediate holding of the Company, Oversea-Chinese Banking Corporation Limited ("**OCBC**") and Macquarie Capital Limited ("**Macquarie**") (OCBC and Macquarie collectively referred to as the "**Joint Placement Agents A**") entered into a placement agreement pursuant to which the Wisdom Cosmos agreed to place, through the Joint Placement Agents A on a best effort basis, a maximum of 148,000,000 existing ordinary shares at a price of HKD6.00 per share ("**Placement A**").

On the same date, Wisdom Cosmos and the Company entered into a subscription agreement under which Wisdom Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to issue, the ordinary subscription shares ("**Subscription A**").

The Placement A and the Subscription A were completed on 4 July and 11 July 2018 respectively. An aggregate of 138,484,000 subscription shares (equals to the number of the placing shares successfully placed under the Placement A) were subscribed by Wisdom Cosmos at the subscription price of HKD6.00 for each subscription share. The subscription shares represent approximately 15.76% of the issued share capital of the Company as enlarged by the allotment and issue of the subscription shares. The Company received total net proceeds of approximately HKD819.5 million (equivalent to approximately RMB698.0 million) from the Placing A and the Subscription A.

The placing price of HKD6.00 per placing share represents: (i) a discount of approximately 16.6% to the closing price of HKD7.19 per share as quoted on the Stock Exchange on 28 June 2018; and (ii) a discount of approximately 17.6% to the average of the closing prices of approximately HKD7.28 per share as quoted on the Stock Exchange for the last 5 consecutive trading days prior to 28 June 2018.

The Placement in 2020

On 11 September 2020 (before the trading hours), the Company, Wisdom Cosmos, Macquarie, DBS Asia Capital Limited ("**DBS**") and BOCI Asia Limited ("**BOCI**") (Macquarie, DBS and BOCI collectively referred to as the "**Joint Placement Agents B**") entered into a placement agreement pursuant to which the Wisdom Cosmos agreed to place, through the Joint Placement Agents B on a best effort basis, a maximum of 55,500,000 existing ordinary shares at a price of HKD7.00 per share ("**Placement B**").

On the same date, Wisdom Cosmos and the Company entered into a subscription agreement under which Wisdom Cosmos conditionally agreed to subscribe for, and the Company conditionally agreed to issue, the ordinary subscription shares ("**Subscription B**").

The Placement B and the Subscription B were completed on 15 September and 21 September 2020 respectively. An aggregate of 55,500,000 new shares (equals to the number of the shares successfully placed under Placement B) were subscribed by Wisdom Cosmos at a price of HKD7.00 for each new share. The new shares from Placement B and Subscription B represent approximately 5.93% of the issued share capital of the Company translating to total net proceeds of approximately HKD382.7 million (equivalent to approximately RMB334.1 million).



The placing price of HKD7.00 per share represents: (i) a discount of approximately 15.15% to the closing price of HKD8.25 per share as quoted on the Stock Exchange on 10 September 2020; and (ii) a discount of approximately 13.26% to the average of the closing price of approximately HKD8.07 per share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 10 September 2020.

Use of proceeds from the Placement

During the year ended 31 December 2018, 31 December 2019 and 31 December 2020 and six months ended 30 June 2021, details of the use of proceeds of the placements were as follows:

Use of proceeds	Net proceeds raised (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2018 (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2019 (Approximately HK$ million)	Actual use of net proceeds during the year ended 31 December 2020 (Approximately HK$ million)	Actual use of net proceeds during the six months ended 30 June 2021 (Approximately HK$ million)	Intended use and expected timeline of the remaining amount of net proceeds
General working capital of the Group for expanding the factoring operations	757.0	757.0	–	–	–	The amount of the net proceeds for the general working capital of the Group for

CAPITAL COMMITMENTS

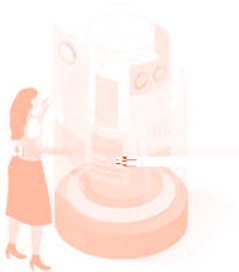
As at 30 June 2021, the capital commitments of the Group comprised of purchase of intangible assets of approximately RMB4.2 million, purchase of equipment of approximately RMB0.9 million and investment in an associate of approximately RMB0.2 million (31 December 2020: purchase of intangible assets of approximately RMB0.1 million and investment in an associate of approximately RMB3.2 million).

CONTINGENT LIABILITIES

Save as disclosed in note 21 of the "Notes to the condensed consolidated financial statements", the Group did not have any other guarantees or other material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2021, the Group had pledged bank deposits of RMB320.5 million, security deposits of RMB64.2 million, and certain factoring assets with an aggregate carrying amount of RMB1,544.6 million to banks, third parties and an associate for facilities, loan facilitation platform in partnership with banks and derivative financial instruments (31 December 2020: pledged bank deposits



FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group aims to become the most reliable supply chain fintech platform in Asia under the "Dual-Engine, One-Platform" strategy



DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 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 Securities and Futures Ordinance ("**SFO**")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to provisions set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange, were as follows:

Interest in the Company

Name of Director	Capacity/nature of interest	Number and class of securities interested	Percentage of shareholding
Mr. Tung Chi Fung ("**Mr. Tung**") (Note 1)	Beneficiary of a trust and settlor of a discretionary trust	558,294,460 (L) (Note 2)	59.52%
	Share option	3,000,000 (Note 3)	0.32%
Mr. Chen Jen-Tse	Beneficial owner	50,000 (L) (Note 2)	0.01%
	Share option	3,400,000 (Note 3)	0.36%
Mr. Hung Ka Hai Clement	Share option	500,000 (Note 3)	0.05%
Mr. Loo Yau Soon	Share option	500,000 (Note 3)	0.05%
Mr. Twoon Wai Mun, Benjamin	Share option	500,000 (Note 3)	0.05%
Mr. Fong Heng Boo	Share option	300,000 (Note 3)	0.03%

Notes:

1. Wisdom Cosmos Limited ("**Wisdom Cosmos**"), a company in3TEMC /ora.2 ( )0.5 (()8.ET (("



SHARE OPTION SCHEME

The share option scheme (the "**Share Option Scheme**") was adopted by the shareholders of the Company and was effective on 6 July 2017 (the "**Listing Date**").

(a) Purpose of the Share Option Scheme

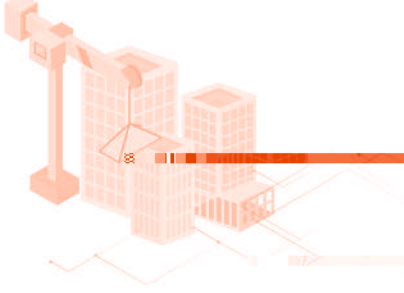
The Share Option Scheme enables the Company to grant options to subscribe for Shares granted pursuant to the Share Option Scheme (the "**Options**") to any full-time or part-time employee of the Company or any member of the Group, including any Executive, Non-executive Directors and Independent Non-executive Directors (the "**INEDs**"), advisors, consultants, professionals, customers, suppliers, agents or partners of the Company or any of the subsidiaries ("**Eligible Persons**") as incentives or rewards for their contributions to the Group.

(b) Who may join and basis of eligibility

The Board may, at its discretion, invite any Eligible Persons to take up Options at a price calculated in accordance with sub-paragraph (d) below. Upon acceptance of the Option, the Eligible Person shall pay HK$1.00 to the Company by way of consideration for the grant. The Option will be offered for acceptance for a period of not less than 28 days from the date on which the Option is granted. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the Independent Non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of the Group.

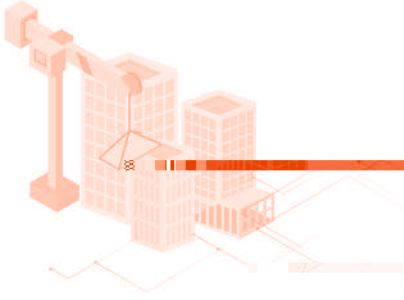
(c) Grant of Option

Any grant of Options must not be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (a) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarter year period or any other interim period (whether or not required under the Listing Rules), and (b) the deadline for the Company to publish an report of its results for any year, half-year, quarter-year period or any interim period (whether or not required under the Listing Rules), and ending on the date of the results report, no Option may be granted. The period during which no Option may be granted will cover any period of delay in the publication of results report. The Directors may not grant any Option to an Eligible Person during the periods or times in which Directors of the Company are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 prescribed by the Listing Rules) or any corresponding code or securities dealing restrictions adopted by the Company.



CORPORATE GOVERNANCE AND OTHER INFORMATION





(f) Time of exercise of Option

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each Participant provided that the period within which the Option must be exercised shall not be more than 10 years from the date of the grant of Option. The exercise of an Option may be subject to the achievement of performance target and/or any other conditions to be notified by the Board to each Participant, which the Board may in its absolute discretion determine.

On 11 September 2017, the Company granted 12,620,000 share options to a director and the employees of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK$4.20 per share and for a validity period of 5 years. Among the share options granted, 2,000,000 granted options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company.

On 14 November 2018, the Company granted 8,970,000 share options to the directors, employees and other eligible persons of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK$6.90 per share and for a validity period of 5 years. Among the share options granted, 1,000,000 share options were granted to Mr. Chen Jen-Tse, an Executive Director of the Company. Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon and Mr. Twoon Wai Mun, Benjamin, the INEDs of the Company, were granted 200,000 share options each (600,000 share options in total).

On 15 July 2020, the Company granted 17,400,000 share options to the directors, employees and other eligible persons of the Group to subscribe for the ordinary shares of the Company with an exercise price of HK$6.68 per share and for a validity period of 5 years. Among the share options granted, 3,000,000 and 400,000 share options were granted to Mr. Tung Chi Fung and Mr. Chen Jen-Tse respectively, the Executive Directors of the Company. Mr. Hung Ka Hai Clement, Mr. Loo Yau Soon, Mr. Twoon Wai Mun, Benjamin and Mr. Fong Heng Boo, the INEDs of the Company, were granted 300,000 share options each (1,200,000 share options in total).

The grant of granted options to the abovementioned Director has been approved by the INEDs pursuant to the Listing Rules. Save as disclosed above, none of the other grantees is a Director, chief executive or substantial shareholder (as defined under the Listing Rules) of the Company or any of their respective associate(s) (as defined under the Listing Rules) as at the date of grant.



The following shows the outstanding position as at 30 June 2021 with respect to their granted options granted under the Share Option Scheme:

	Date of grant	Exercise price	Exercise period	Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2021
Mr. Chen Jen-Tse	11 September 2017	HK$4.20	11/9/2018-10/9/2022	500,000	–	–	–	500,000
			11/9/2019-10/9/2022	500,000	–	–	–	500,000
			11/9/2020-10/9/2022	1,000,000	–	–	–	1,000,000
				2,000,000	–	–	–	2,000,000
Employees	11 September 2017	HK$4.20	11/9/2018-10/9/2022	852,500	–	(422,000)	–	430,500
			11/9/2019-10/9/2022	1,085,500	–	(308,000)	–	777,500
			11/9/2020-10/9/2022	2,295,000	–	(432,000)	–	1,863,000
				4,233,000	–	(1,162,000)	–	3,071,000
Mr. Chen Jen-Tse	14 November 2018	HK$6.90	14/11/2019-13/11/2023	250,000	–	–	–	250,000
			14/11/2020-13/11/2023	250,000	–	–	–	250,000
			14/11/2021-13/11/2023	500,000	–	–	–	500,000
				1,000,000	–	–	–	1,000,000
Mr. Hung Ka Hai Clement	14 November 2018	HK$6.90	14/11/2019-13/11/2023	50,000	–	–	–	50,000
			14/11/2020-13/11/2023	50,000	–	–	–	50,000
			14/11/2021-13/11/2023	100,000	–	–	–	100,000
				200,000	–	–	–	200,000
Mr. Loo Yau Soon	14 November 2018	HK$6.90	14/11/2019-13/11/2023	50,000	–	–	–	50,000
			14/11/2020-13/11/2023	50,000	–	–	–	50,000
			14/11/2021-13/11/2023	100,000	–	–	–	100,000
				200,000	–	–	–	200,000



	Date of grant	Exercise price	Exercise period	Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2021
Mr. Twoon Wai Mun, Benjamin	14 November 2018	HK$6.90	14/11/2019-13/11/2023	50,000	–	–	–	50,000
			14/11/2020-13/11/2023	50,000	–	–	–	50,000
			14/11/2021-13/11/2023	100,000	–	–	–	100,000
				200,000	–	–	–	200,000
Employees	14 November 2018	HK$6.90	14/11/2019-13/11/2023	1,055,000	–	(130,000)	(37,500)	887,500
			14/11/2020-13/11/2023	1,005,000	–	(130,000)	(37,500)	837,500
			14/11/2021-13/11/2023	2,110,000	–	–	(150,000)	1,960,000
				4,170,000	–	(260,000)	(225,000)	3,685,000
Mr. Tung Chi Fung	15 July 2020	HK$6.68	15/7/2022-14/7/2025	750,000	–	–	–	750,000
			15/7/2022-14/7/2025	750,000	–	–	–	750,000
			15/7/2023-14/7/2025	1,500,000	–	–	–	1,500,000
				3,000,000	–	–	–	3,000,000
Mr. Chen Jen-Tse	15 July 2020	HK$6.68	15/7/2022-14/7/2025	100,000	–	–	–	100,000
			15/7/2022-14/7/2025	100,000	–	–	–	100,000
			15/7/2023-14/7/2025	200,000	–	–	–	200,000
				400,000	–	–	–	400,000
Mr. Hung Ka Hai Clement	15 July 2020	HK$6.68	15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2023-14/7/2025	150,000	–	–	–	150,000
				300,000	–	–	–	300,000



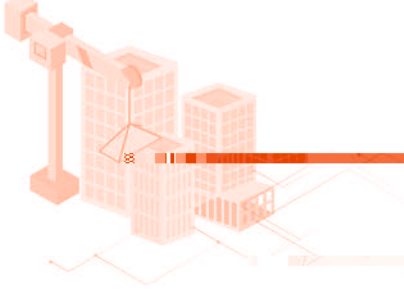
	Date of grant	Exercise price	Exercise period	Outstanding at 1 January 2021	Granted during the period	Exercised during the period	Forfeited during the period	Outstanding at 30 June 2021
Mr. Loo Yau Soon	15 July 2020	HK$6.68	15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2023-14/7/2025	150,000	–	–	–	150,000
				300,000	–	–	–	300,000
Mr. Twoon Wai Mun, Benjamin	15 July 2020	HK$6.68	15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2023-14/7/2025	150,000	–	–	–	150,000
				300,000	–	–	–	300,000
Mr. Fong Heng Boo	15 July 2020	HK$6.68	15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2022-14/7/2025	75,000	–	–	–	75,000
			15/7/2023-14/7/2025	150,000	–	–	–	150,000
				300,000	–	–	–	300,000
Employees	15 July 2020	HK$6.68	15/7/2022-14/7/2025	3,150,000	–	–	(287,500)	2,862,500
			15/7/2022-14/7/2025	3,150,000	–	–	(287,500)	2,862,500
			15/7/2023-14/7/2025	6,300,000	–	–	(575,000)	5,725,000
				12,600,000	–	–	(1,150,000)	11,450,000

During the six months ended 30 June 2021, i) 26,406,000 granted options were outstanding under the Share Option Scheme; ii) 1,422,000 granted options were exercised; iii) 1,375,000 granted options were lapsed; and iv) no granted options were cancelled.

Save for the grants of share options on 11 September 2017, 14 November 2018 and 15 July 2020 as disclosed in the announcements on the same date respectively, no new share options have been granted nor any existing share option schemes have been adopted by the Company as at 30 June 2021.

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 six months ended 30 June 2021.



CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST IN COMPETING INTERESTS OR CONFLICT OF INTEREST

For the six months ended 30 June 2021, the Directors are not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the Listing Rules) that competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interests which any such person has or may have with the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors in accordance with the provisions set out in Appendix 10 of the Listing Rules. Having made specific enquiries of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions adopted by the Company during the period from the Listing Date to the date of this report.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of Directors of the Company required to be disclosed are shown as follows:

1) Mr. Hung Ka Hai Clement, Independent Non-executive Director

Mr. Hung was appointed as an independent non-executive director of Hong Kong Aerospace Technology Group Limited (stock code: 1725) since 16 July 2021 and retired from the position of independent non-executive director of Tibet Water Resources Ltd. (stock code: 1115) on 30 June 2021.

2) Mr. Fong Heng Boo, Independent Non-executive Director

Mr. Fong was appointed as an independent non-executive director of Bonvest Holdings Limited, a company listed on the Singapore Exchange (stock code: B28) on 1 July 2021.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the relevant laws of the Cayman Islands and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, at least 25% of the Company's total issued Shares was held by the public throughout the six months ended 30 June 2021 and thereafter up to the date of this report.

CORPORATE GOVERNANCE

The Directors are committed to achieving high standards of corporate governance with a view to safeguarding the interests of the Shareholders. To accomplish this, the Group will continue to comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules and the associated Listing Rules (the "**CG Code**").

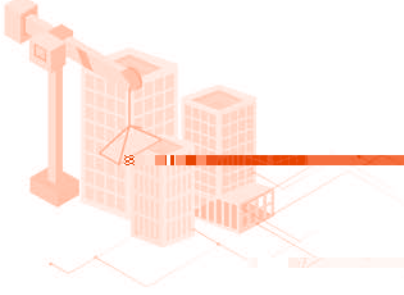
The shares of the Company were successfully listed on GEM on 6 July 2017 and were transferred to the Main Board on 24 October 2019. To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the period from the Listing Date to 30 June 2021.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 June 2017 with written terms of reference in compliance with Rules 3.21 to 3.24 of the Listing Rules and paragraph C.3 of the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and removal of the external auditors; review the financial statements and provide material advice in respect of financial reporting; and oversee the internal control and risk management procedures of the Company. The Audit Committee currently consists of three members, namely Mr. Hung Ka Hai Clement, Mr. Twoon Wai Mun, Benjamin, and Mr. Loo Yau Soon. The Chairman of the Audit Committee is Mr. Hung Ka Hai Clement.

The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021 and the interim report have been reviewed by the Audit Committee. The Board is of the opinion that such financial information has been prepared in compliance with the applicable accounting standards, the requirements under the Listing Rules and any other applicable legal requirements, and that adequate disclosures have been made.

The Company's independent auditor, Deloitte Touche Tohmatsu, has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".



EVENT AFTER THE REPORTING PERIOD

In July 2021, the Group de-registered its investment in Yi Lian Shu Ke (Shenzhen) Co., Limited (易聯數科(深圳)有限責任公司), a subsidiary of the Company.

Save as disclosed above, the Company had no other significant subsequent event after reporting period.

By order of the Board
Sheng Ye Capital Limited
Tung Chi Fung
Chairman

Hong Kong, 26 August 2021

As at the date of this report, the Board comprises two Executive Directors: Mr. Tung Chi Fung and Mr. Chen Jen-Tse; and four Independent Non-executive Directors: Mr. Hung Ka Hai, Clement, Mr. Loo Yau Soon, Mr. Twoon Wai Mun, Benjamin and Mr. Fong Heng Boo.

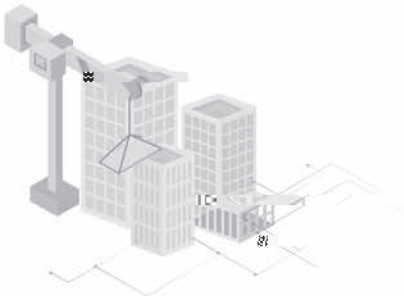
The English transliteration of the Chinese name(s) in this report, where indicated with "", is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

Unless otherwise stated, translation of RMB into HK$ is based on the approximate exchange rate of RMB1.00 to HK$1.20 for information purpose only. Such translation should not be construed as a representation that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

If there is any inconsistency in this report between the Chinese and English versions, the English version shall prevail.



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

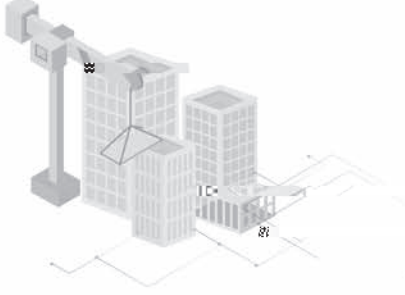
		Six months ended 30 June	
	NOTES	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	3		
Digital financing solutions			
– Interest income		192,896	226,130
– Guarantee fee		7,690	5,500
Platform-based services			
– Contracts with customers		23,261	16,745
Total revenue		223,847	248,375
Gain on sales of factoring assets	4	75,427	75,105
		299,274	323,480
Other income	5(a)	12,196	12,726
Other gains and losses	5(b)	22,047	41,889
Impairment losses under expected credit loss ("ECL") model, net of reversal	17	(16,587)	(16,806)
Administrative and other expenses	9(a)	(88,321)	(88,199)
Share of profit of associates		9,518	4,732
Finance costs	6	(50,595)	(64,317)
Profit before taxation		187,532	213,505
Taxation	7	(20,573)	(30,846)
Profit for the period	9(a)	166,959	182,659



CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Other comprehensive income (expense) ("OCI"):	9(b)		
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**16**	–
Fair value gain, net of ECL, and reclassification of fair value through OCI ("FVTOCI") reserves upon derecognition on:			
– factoring assets at FVTOCI		**8,823**	4,258
Income tax relating to items that may be reclassified subsequently		**(1,326)**	(1,979)
Share of other comprehensive income (expense) of associates, net of related income tax		**1,912**	(930)



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

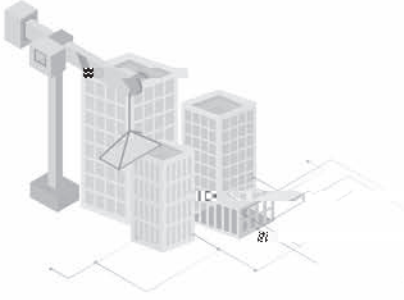
AT 30 JUNE 2021

	NOTES	30.6.2021 RMB'000 (Unaudited)	31.12.2020 RMB'000 (Audited)
Non-current assets			
Property and equipment	12	**8,220**	8,042
Intangible assets	12	**25,494**	22,218
Right-of-use assets	12	**19,259**	24,680
Factoring assets at FVTOCI	15	**14,677**	14,278
Other financial assets at fair value through profit or loss ("FVTPL")	16	**122,989**	74,263
Investments in associates	13	**162,541**	150,911
Prepayments for non-current assets		**1,990**	637
Deferred tax assets	14	**31,562**	25,210
Refundable rental deposits		**3,931**	3,839
		390,663	



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2021



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2021

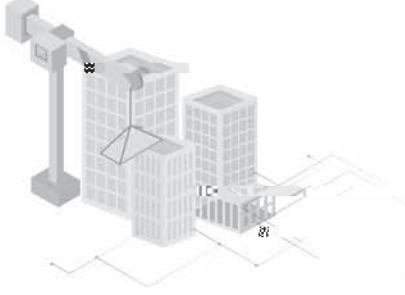
	Attributable to owners of the Company										
	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	FVTOCI reserves RMB'000 (note i)	Translation reserves RMB'000	Share-based payments reserves RMB'000	Statutory reserves RMB'000 (note ii)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2021 (unaudited)	8,127	1,886,952	1,547	(29)	-	21,466	84,621	913,363	2,916,047	111,297	3,027,344



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	**(266,200)**	143,944
INVESTING ACTIVITIES		
Proceeds from disposal of other financial assets at FVTPL	**54,265**	4,811
Repayment of security deposits for derivative financial instruments	**7,280**	–
Withdrawal of pledged bank deposits for derivative financial instruments	**5,488**	2,774
Bank interest income received	**1,975**	1,368
Refundable rental deposits received	**200**	2,295
Proceeds from disposal of equipment	**3**	1
Proceeds on disposal of investments in associates	**–**	5,603
Dividend received from an associate	**–**	4,383
Repayment from a loan receivable	**–**	1,325
Interest received from a loan receivable	**–**	410
Advances to related parties	**–**	(241)
Payments for refundable rental deposits	**(99)**	(614)
Payments for right-of-use assets	**(144)**	–
Investment in an associate	**(200)**	(80,000)
Purchase of equipment	**(2,414)**	(1,264)
Placement of pledged bank deposits for derivative financial instruments	**(3,689)**	(91,976)
Security deposits paid for derivative financial instruments	**(6,366)**	(8,160)
Payment for development costs and purchase of other intangible assets	**(7,976)**	(2,240)
Payment for settlement of derivative financial instruments	**(22,902)**	(115)
Net cash outflow arising on deregistration of subsidiaries (note 8)	**(24,500)**	(19,984)
Purchase of other financial assets at FVTPL	**(171,612)**	(1,100)
NET CASH USED IN INVESTING ACTIVITIES	**(170,691)**	(182,724)



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
FINANCING ACTIVITIES		
New borrowings raised	**1,372,815**	765,741
Loans raised from related parties	**155,126**	214,922
Repayment of pledged bank deposits for borrowings	**41,381**	–
Repayment of pledged bank deposits for bank overdraft	**8,419**	–
Proceeds received on exercise of equity-settled share options	**5,538**	2,644
Interest paid for bank overdraft	**(79)**	(323)
Interest paid for lease liabilities	**(751)**	(708)
Interest paid for loans from related parties	**(986)**	(3,132)
Dividends paid to a non-controlling shareholder of a PRC subsidiary	**(5,531)**	–
Repayment of lease liabilities	**(5,806)**	(3,961)
Security deposits paid for loans from an associate	**(20,000)**	–
Dividends paid to the shareholders of the Company	**(49,158)**	(42,364)
Interest paid for borrowings	**(56,479)**	(49,810)
Repayment of loans from related parties	**(90,126)**	(98,575)
Pledged bank deposits paid for borrowings	**(146,600)**	(8,427)
Repayment of borrowings	**(814,164)**	(893,870)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**393,599**	(117,863)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(43,292)**	(156,643)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**337,887**	359,463
Effect of foreign exchange rate changes	**6,738**	(7,877)
CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by	**301,333**	194,943
Bank balances	**301,333**	211,448
Bank overdraft	**–**	(16,505)
	301,333	194,943



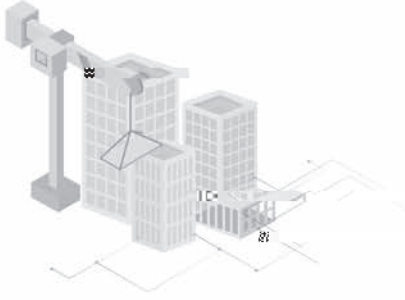
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. 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 (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. PRINCIPAL ACCOUNTING POLICIES

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

2. PRINCIPAL ACCOUNTING POLICIES (continued)

Application of amendments to HKFRSs (continued)

2.2 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2"

2.2.1 Accounting policies

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

For other changes made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient to the changes required by interest rate benchmark reform by updating the effective interest rate. The Group then applies the applicable requirements in HKFRS 9 "Financial Instruments" on modification of a financial asset or a financial liability to the additional changes to which the practical expedient does not apply.

2.2.2 Transition and summary of effects

As at 1 January 2021, the Group has several financial liabilities and derivatives, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.



2. PRINCIPAL ACCOUNTING POLICIES (continued)

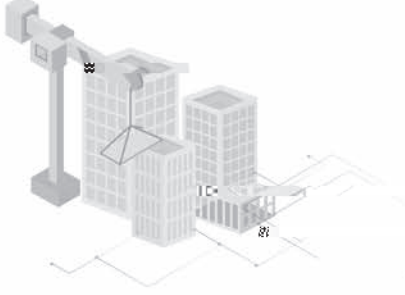
Application of amendments to HKFRSs (continued)

2.2 Impacts and accounting policies on application of Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 "Interest Rate Benchmark Reform – Phase 2" (continued)

2.2.2 Transition and summary of effects (continued)

	HKD Hong Kong Interbank Offered Rate ("HIBOR") RMB'000	USD London Interbank Offered Rate ("LIBOR") RMB'000
Financial liabilities		
– Borrowings	292,335	114,923
– Bank overdraft	10,828	–
	303,163	114,923
Derivative financial instruments		
– Cross currency swap contracts	42,165	122,276

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for borrowings and bank overdrafts measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

3. REVENUE AND SEGMENT INFORMATION (continued)

The Company is an investment holding company and the principal place of the Group's operation is mainly in the PRC. Most of the Group's revenue and major non-current assets are principally derived from or located in the PRC.

(i) An analysis of the Group's revenue for the reporting period is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Digital financing solutions		
– Interest income	**192,896**	226,130
– Guarantee fee	**7,690**	5,500
	200,586	231,630
Platform-based services		
– Loan facilitation services	**17,400**	4,696
– Technology service for asset-backed securitisation products	**3,130**	8,296
– Other services (note)	**2,731**	3,753
	23,261	16,745
	223,847	248,375

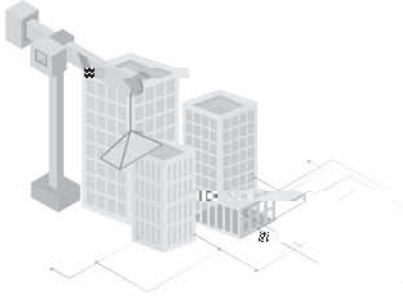
Note: Other services primarily include fee income from providing accounts receivable management services without financing, including review and verification of documentation relating to the accounts receivable and collection of the accounts receivable on behalf of customers.



3. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

5. OTHER INCOME/OTHER GAINS AND LOSSES

(a) Other income

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government subsidies (note)	**10,201**	10,421
Bank interest income	**1,975**	1,368
Interest income from a loan receivable	**–**	923
Others	**20**	14
	12,196	12,726

Note: The government subsidies were mainly received unconditionally by the Company's subsidiaries in the PRC from local government in relation to the incentive policy and based on certain taxes paid or payable by the Company's PRC subsidiaries.

(b) Other gains and losses

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net gain from changes in fair value of other financial assets at FVTPL	**27,773**	47,482
Exchange gain (loss), net	**6,722**	(7,743)
(Loss) gain from termination of a lease contract	**(1)**	26
Loss on disposal of equipment	**(11)**	(2)
Loss on deregistration of subsidiaries (note 8)	**(1,460)**	–
Net (loss) gain arising from changes in fair value of derivative financial instruments	**(10,976)**	2,343
Loss on disposal of investment in an associate	**–**	(48)
Others	**–**	(169)
	22,047	41,889



6. FINANCE COSTS

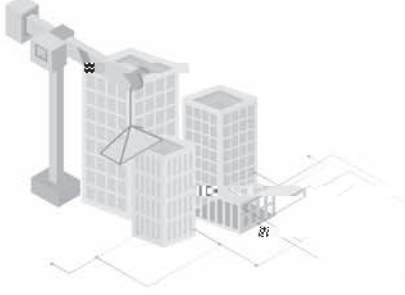
	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on borrowings	**48,559**	59,096
Interest on loans from related parties (note 28)	**1,206**	4,190
Interest on lease liabilities (note)	**751**	708
Interest on bank overdraft	**79**	323
	50,595	64,317

Note: Details of the interest on lease liabilities in relation to a related party are set out in note 28.

7. TAXATION

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
The charge comprises:		
Current tax		
– PRC Enterprise Income Tax ("EIT")	**17,689**	14,795
– Withholding tax levied on interest income of Hong Kong subsidiaries	**2,085**	2,383
– Withholding tax levied on dividend declared of a PRC subsidiary	**1,500**	–
	21,274	17,178
Deferred tax (note 14)	**(701)**	13,668
	20,573	30,846

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group's operation in Hong Kong had no assessable profit during both periods.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

7. TAXATION

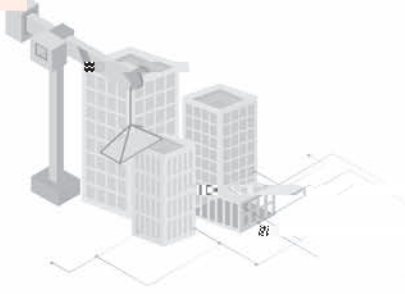


9. PROFIT FOR THE PERIOD/OTHER COMPREHENSIVE INCOME (EXPENSE)

(a) Profit for the period

Profit for the period has been arrived at after charging (crediting):

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Directors' emoluments	**3,999**	2,380
Other staff costs (excluding directors' emoluments)		
– Salaries, allowances and other staff benefits, including share option expenses	**49,904**	52,382
– Staff's retirement benefit scheme contributions	**3,562**	519
Total staff costs	**57,465**	55,281



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

9. PROFIT FOR THE PERIOD/OTHER COMPREHENSIVE INCOME (EXPENSE) (continued)

(b) Other comprehensive income (expense)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other comprehensive income (expense) includes:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of financial statements of foreign operations:		
– Exchange gain arising during the period	**16**	–
Factoring assets measured at FVTOCI		
– Fair value changes during the period, net	**84,250**	79,363
– Reclassification adjustment to profit or loss on derecognition	**(75,427)**	(75,105)
Income tax relating to items that may be reclassified subsequently	**(1,326)**	(1,979)
	7,497	2,279
Share of other comprehensive income (expense) of associates, net of related income tax	**1,912**	(930)
	9,425	1,349

10. DIVIDENDS

Dividends for ordinary shareholders of the Company recognised as distribution during the period:

	Six months ended 30 June	
	2021	2020
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
2020 final – HK6.3 cents (2020: 2019 final dividend HK5.3 cents) per share	**59,064**	46,694



10. DIVIDENDS (continued)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Shown in the condensed consolidated financial statements	**49,146**	42,652

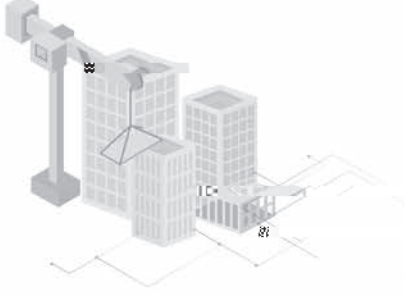
The directors of the Company do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	**160,589**	179,210

	Six months ended 30 June	
	2021	2020
	'000	'000
	(Unaudited)	(Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**936,998**	880,799
Effect of dilutive potential ordinary shares:		
Share options	**2,046**	2,613
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**939,044**	883,412



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

12. MOVEMENTS IN PROPERTY AND EQUIPMENT/INTANGIBLE ASSETS/ RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property and equipment of RMB1,813,000 (six months ended 30 June 2020: RMB1,125,000).

During the current interim period, the Group incurred costs directly associated with intangible assets of RMB6,901,000 (six months ended 30 June 2020: RMB2,127,000).

During the current interim period, the Group entered into several new office lease agreements with lease term ranged from 1 to 2 years. On lease commencement, the Group recognised right-of-use assets of RMB554,000 (six months ended 30 June 2020: RMB7,744,000) and lease liabilities of RMB410,000 (six months ended 30 June 2020: RMB7,744,000). Besides, the Group and a lessor agreed to early terminate a lease contract, at the effective date of the termination, the Group derecognised the right-of-use assets and lease liabilities and recognised a loss from lease termination as disclosed in note 5(b).

During the six months ended 30 June 2020, a lessor provided office premises rent concession that occurred as a direct consequence of the Covid-19 pandemic to the Group through rent reductions of 100% from February 2020 to April 2020 and 50% from May 2020 to August 2020.

The office premises rent concession occurred as a direct consequence of Covid-19 pandemic and met of all of the conditions in HKFRS 16.46B, and the Group applied the practical expedient not to assess whether the changes constitute lease modifications. During the six months ended 30 June 2020, the effects on changes in lease payments due to forgiveness or waiver by a lessor for the relevant lease of RMB224,000 was recognised as negative variable lease payments.

13. INVESTMENTS IN ASSOCIATES

Details of the Group's investments in associates are as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Cost of investments in associates, unlisted	130,200	130,000
Share of post-acquisition profit, net of dividend received	28,892	19,374
Share of post-acquisition OCI	3,449	1,537
	162,541	150,911



13. INVESTMENTS IN ASSOCIATES (continued)

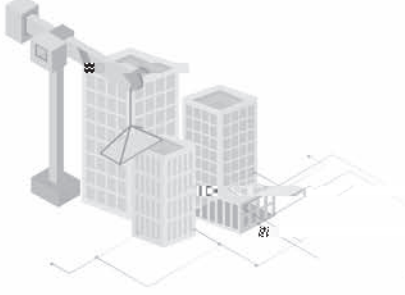
Details of the Group's associates at the end of the reporting period are as follow:

Name of entity	Place of incorporation/ establishment	Particulars of authorised and paid up capital	Proportion of ownership interest/voting rights held by the Group as at		Principal activity
			30.6.2021	31.12.2020	
Wuxi Guojin Factoring Limited # (無錫國金商業保理有限公司) ("WXGJ")	PRC	RMB300,000,000 RMB300,000,000	40%	40%	Provision of factoring service
Hong Ji Factoring (Shenzhen) Limited# (弘基商業保理 (深圳)有限公司) ("HJ") (note i)	PRC	RMB100,000,000 RMB100,000,000	10%	10%	Provision of factoring service
Guangxi Maojing Trading Co., Ltd# (廣西茂景商貿有限公司)	PRC	RMB2,000,000 RMB1,000,000	20%	N/A	Provision of trade service
Shoujin Digital Information Technology (Beijing) Co., Ltd # (首金數科信息科技 (北京)有限公司)	PRC	RMB8,000,000 –	N/A (note ii)	40%	Provision of IT service

English translated name is for identification purpose only.

Notes:

(i) The Group is able to exercise significant influence over the entity because it has the power to appoo1RNnce utn of hree directorsn of hhe entityundver the.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

14. DEFERRED TAXATION

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

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Deferred tax assets	31,562	25,210
Deferred tax liabilities	(63,426)	(56,449)
	(31,864)	(31,239)

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



14. DEFERRED TAXATION (continued)

Pursuant to the EIT Law and its detailed implementation rules, dividend distributed out of the profit generated thereafter, shall be subject to EIT at 10% and withheld by the PRC entities. By the Tax Arrangement for Avoidance of Double Taxation between China and Hong Kong, a Hong Kong resident company should be entitled to preferential tax rate of 5% when receiving dividend from its PRC subsidiaries. The Hong Kong subsidiaries of the Group enjoyed the preferential tax rate aforementioned. Accordingly, deferred tax liability has been provided for in the condensed consolidated financial statements in respect of the expected dividend stream from the PRC subsidiaries with the applicable tax rate of 5%.

At 30 June 2021, the Hong Kong subsidiaries had cumulative unutilised tax losses of RMB54,018,000 (31 December 2020: RMB35,501,000). No deferred tax asset has been recognised due to the unpredictability of future profit stream. Some of the unused tax losses can be carried forward indefinitely from the years in which the loss was originated to offset future taxable profits.

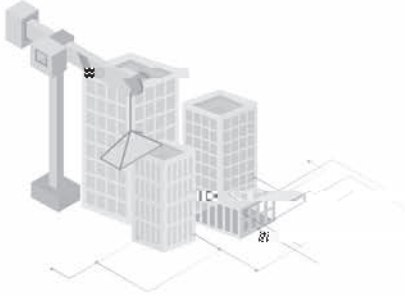
At 30 June 2021, the PRC subsidiaries had cumulative unutilised tax losses of RMB14,429,000 (31 December 2020: RMB5,254,000). No deferred tax asset has been recognised due to the unpredictability of future profit stream. Some of the unused tax losses can be carried forward up to five years from the years in which the loss was originated to offset future taxable profits.

15. FACTORING ASSETS AT FVTOCI

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Factoring assets at FVTOCI	**4,267,725**	3,804,200
Analysed for reporting purposes as:		
Current assets	**4,253,048**	3,789,922
Non-current assets	**14,677**	14,278
	4,267,725	3,804,200

As at 30 June 2021, the effective interest rates of the factoring assets at FVTOCI range mainly from 5.00% to 14.00% (31 December 2020: 5.80% to 17.50%) per annum.

As at 30 June 2021, certain commercial acceptance bills have been received from customers with fair value amounting of RMB792,326,000 (31 December 2020: RMB571,106,000) as pledged bills to the factoring assets. The bills can also be applied and used to settle any outstanding receivables of factoring assets for the corresponding contract if default occurs, otherwise the Company needs to return the bills if the outstanding factoring assets are settled. Until such time as default occurs and they are used to settle the factoring assets, the commercial acceptance bills are not recognised as an asset in the condensed consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

15. FACTORING ASSETS AT FVTOCI (continued)

As at 30 June 2021, the gross carryinR (gross)5ount of factorinR (gross)ssets of RMB20,177,000 is past due (31 D20cember

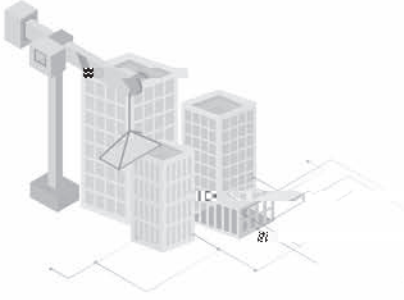
16. OTHER FINANCIAL ASSETS AT FVTPL

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Equity tranche (note)	198,586	91,980
Unlisted equity investment	40,000	–
s (note)	9,339	7,782
Trust fund	1,421	3,374
Structured deposit	–	2,005
	249,346	105,141
	126,357	30,878
	122,989	74,263
	249,346	105,141

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Note: Theirsfairsvaluessnstechniquess insnote 26.





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

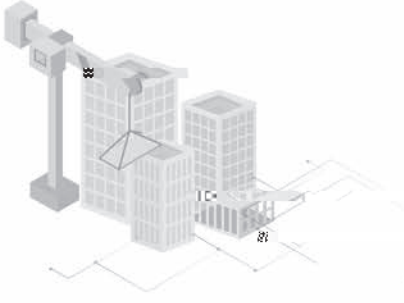
FOR THE SIX MONTHS ENDED 30 JUNE 2021

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

As at 30 June 2021 (continued)

External/Internal credit rating	12-month or lifetime ECL	Average loss rate	Gross carrying amount/ exposure RMB'000 (Unaudited)	Impairment loss allowance RMB'000 (Unaudited)
Financial assets at amortised cost				
Pledged bank deposits				
AAA/BBB+ (note i)	12-month ECL	N/A	320,522	–
Bank balances				
AAA/BBB+ (note i)	12-month ECL	N/A	301,333	–
Receivables from guarantee customers				
Low risk	12-month ECL	1.35%	12,327	167
Watch list	Lifetime ECL (not credit-impaired)	4.08%	319	13
Refundable rental deposits				
Low risk (note i)	12-month ECL	N/A	3,931	–
Trade receivables				
Low risk (note i)	Lifetime ECL (not credit-impaired)	N/A	14,260	–
Other receivables				
N/A (note i) (note ii)	12-month ECL	N/A	70,048	–
			722,740	180





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

As at 31 December 2020

External/Internal credit rating	12-month or lifetime ECL	Average loss rate	Gross carrying amount/exposure RMB'000 (Audited)	Impairment loss allowance RMB'000 (Audited)
Factoring assets at FVTOCI				
Low risk	12-month ECL	1.20%	3,820,764	45,958
Watch list	Lifetime ECL (not credit-impaired)	13.00%	18,289	2,377
Loss	Lifetime ECL (credit-impaired)	42.47%	23,143	9,829
			3,862,196	58,164
Financial assets at amortised cost				
Pledged bank deposits				
AAA/BBB+ (note i)	12-month ECL	N/A	255,489	–
Bank balances				
AAA/BBB+ (note i)	12-month ECL	N/A	348,715	–
Receivables from guarantee customers				
Low risk	12-month ECL	1.69%	17,240	292
Watch list	Lifetime ECL (not credit-impaired)	4.59%	109	5
Refundable rental deposits				
Low risk (note i)	12-month ECL	N/A	3,839	–
Trade receivables				
Low risk (note i)	Lifetime ECL (not credit-impaired)	N/A	2,733	–
Other receivables				
N/A (note i) (note ii)	12-month ECL		13,392	–
			641,517	297



17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

As at 31 December 2020 (continued)

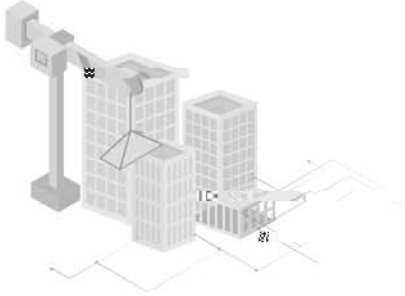
External/Internal credit rating	12-month or lifetime ECL	Average loss rate	Gross carrying amount/exposure RMB'000 (Audited)	Impairment loss allowance RMB'000 (Audited)
Other items				
Financial guarantee contracts (note iii)				
– guarantee contracts in relation to third parties				
Low risk	12-month ECL	1.56%	1,372,376	21,423
Watch list	Lifetime ECL (not credit-impaired)	4.37%	10,531	460
– guarantee contracts in relation to an associate				
Low risk	12-month ECL	0.25%	385,600	959
			1,768,507	22,842

Notes:

(i) The directors of the Company reviewed and assessed the impairment under ECL model, considering that these financial assets were determined to have low credit risk as these financial assets have a low risk of default and the debtors have a strong capacity to meet their contractual cash flow obligations in the near term, and no loss allowance was recognised as the amount of ECL was immaterial.

(ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 30 June 2021 and 31 December 2020, all of other receivables were not past due.

(iii) For financial guarantee contract, the amount represents the maximum amount the Group has guaranteed under the contract.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

The movements in the allowance for impairment in respect of factoring assets at FVTOCI during the reporting period were as follows:

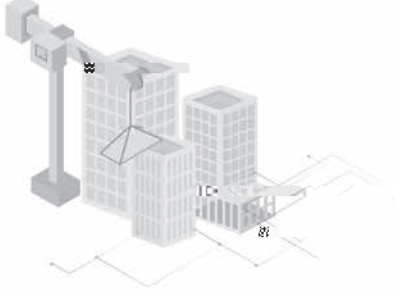
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021 (unaudited)	**45,958**	**2,377**	**9,829**	**58,164**
Changes due to financial instruments recognised as at 1 January:				
– Transfer to lifetime ECL – not credit-impaired	**(343)**	**1,361**	**(1,018)**	**–**
– Transfer to lifetime ECL – credit-impaired	**(33)**	**–**	**33**	**–**
– Impairment losses, net of reversal	**(36,045)**	**(526)**	**636**	**(35,935)**
– Disposal	**–**	**(1,018)**	**–**	**(1,018)**
New financial assets purchased, net of settlement	**38,859**	**8,181**	**–**	**47,040**
As at 30 June 2021 (unaudited)	**48,396**	**10,375**	**9,480**	**68,251**
As at 1 January 2020 (audited)	46,080	254	–	46,334
Changes due to financial instruments recognized as at 1 January:				
– Transfer to lifetime ECL – not credit-impaired	(14)	14	–	–
– Impairment losses, net of reversal	(41,127)	(216)	–	(41,343)
New financial assets purchased, net of settlement	43,444	2,087	–	45,531
As at 30 June 2020 (unaudited)	48,383	2,139	–	50,522



17. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL (continued)

The movements in the allowance for impairment in respect of financial guarantee contracts during the reporting period were as follows:

	12-month ECL	Lifetime ECL not credit-impaired	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2021 (unaudited)	**22,382**	**460**	**22,842**
Changes due to financial instruments recognised as at 1 January:			
– Transfer to lifetime ECL – not credit-impaired	**(171)**	**171**	**–**
– Impairment losses, net of reversal	**(16,635)**	**(57)**	**(16,692)**
New financial guarantee contracts entered, net of settlement	**22,558**	**939**	**23,497**
As at 30 June 2021 (unaudited)	**28,134**	**1,513**	**29,647**
As at 1 January 2020 (audited)	7,998	–	7,998
Changes due to financial instruments recognised as at 1 January:			
– Transfer to lifetime ECL – not credit-impaired	(353)	353	–
– Impairment losses, net of reversal	(4,500)	1,326	(3,174)
New financial guarantee contracts entered, net of settlement	11,209	2,629	13,838
As at 30 June 2020 (unaudited)	14,354	4,308	18,662



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

18. DERIVATIVE FINANCIAL INSTRUMENTS

	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)
Cross currency swap contracts	–	4,900	–	8,397
Foreign currency option contracts	–	–	790	–
Foreign currency forward contracts	–	–	–	9,219
	–	4,900	790	17,616

Analysed for financial reporting purpose based on maturity dates:

	30 June 2021		31 December 2020	
	Assets	Liabilities	Assets	Liabilities
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)



18. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Foreign currency option contracts

The major terms of the outstanding foreign currency option contracts at the end of the reporting period are as follows:

At 31 December 2020

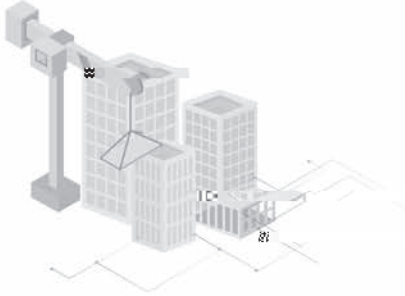
Notional amount	Maturity date	Contracted exchange rate
Sell United States Dollars ("US$")3,000,000	01/03/2021	US$:RMB1:6.8059
Buy US$3,000,000	01/03/2021	US$:RMB1:6.8060
Sell US$80,000	01/03/2021	US$:RMB1:6.8008
Buy US$80,000	01/03/2021	US$:RMB1:6.8009

Cross currency swap contracts

The major terms of the outstanding Cross currency swap contracts at the end of the reporting period are as follows:

At 30 June 2021

Notional amounts	Commencement 5 0 s	Maturity 5 0 s	Contracted swap r 0 s	Interest r 0 s
US$6,550,000	28/09/2020	24/08/2021	US$:RMB1:6.8250 US$ against RMB swap r 0 s	From 4.78% per annum to 6 months LIBOR plus 2.0%
US$800,000	02/11/2020	24/08/2021	US$:RMB1:6.6950 US$ against RMB swap r 0 s	From 4.97% per annum to 6 months LIBOR plus 2.0%
HK$50,000,000	11/12/2020	08/11/2021	HK$:RMB1:0.8433 HK$ against RMB swap r 0 s	From 5.35% per annum to 3 months HIBOR plus 2.4%
HK$70,000,000	08/01/2021	25/10/2021	HK$:RMB1:0.8339 HK$ against RMB swap r 0 s	From 5.08% per annum to 3 months HIBOR plus 2.4%
US$8,800,000	28/04/2021	01/04/2022	US$:RMB1:6.4860 US$ against RMB swap r 0 s	From 4.93% per annum to 6 months LIBOR plus 2.0%



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021



19. RECEIVABLES FROM GUARANTEE CUSTOMERS/TRADE RECEIVABLES/ OTHER RECEIVABLES, PREPAYMENTS AND OTHERS

(a) Receivables from guarantee customers

For provision of guarantee service which is recognised in accordance with HKFRS 9, the Group recognises receivables from guarantee customers equal to the guarantee fees less amounts that the Group received from the customer.

The following is an aged analysis of receivables from guarantee customers presented based on the date of payment.

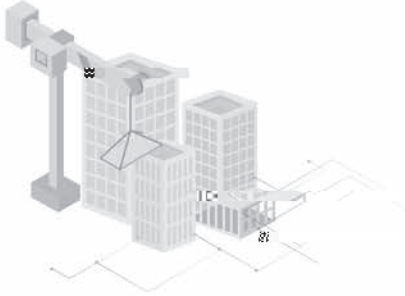
	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0-30 days	12,466	17,052

(b) Trade receivables

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Contracts with customers of platform-based services	14,260	2,733

The following is an aged analysis of trade receivables presented based on the date of rendering of services.

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
0-30 days	14,260	2,733



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

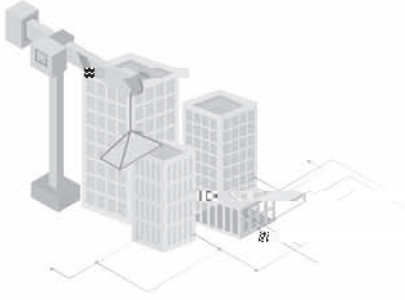
FOR THE SIX MONTHS ENDED 30 JUNE 2021

19. RECEIVABLES FROM GUARANTEE CUSTOMERS/TRADE RECEIVABLES/ OTHER RECEIVABLES, PREPAYMENTS AND OTHERS (continued)



21. LIABILITIES ARISING FROM GUARANTEE CONTRACTS

30 June 2021	31 December 2020



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

21. LIABILITIES ARISING FROM GUARANTEE CONTRACTS (continued)

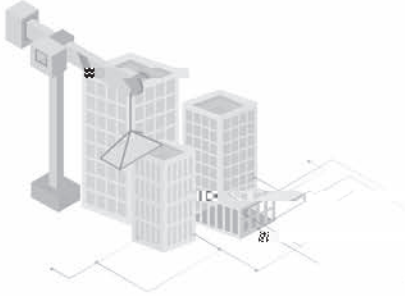
Notes:



22. BORROWINGS/BANK OVERDRAFT (continued)

(a) Borrowings (continued)





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

22. BORROWINGS/BANK OVERDRAFT (continued)

(a) Borrowings (continued)

The ranges of effective interest rates on the Group's borrowings are as follows:

	30 June 2021 % (Unaudited)	31 December 2020 % (Audited)
Range of fixed-rate borrowings interest rates (per annum)	3.70~9.60	4.62~12.60
Range of variable-rate borrowings interest rates (per annum)	2.20~5.72	2.22~5.55

Details of the transfer of financial assets are set out in note 27.

(b) Bank overdraft

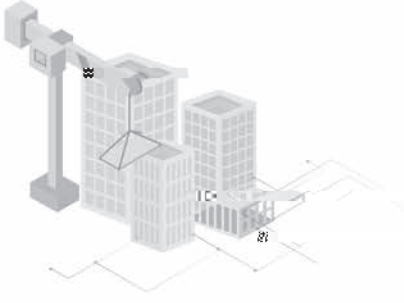
As at 31 December 2020, the bank overdraft amounted to HK$12,865,000 (equivalent to RMB10,828,000), which is repayable on demand, carrying interest rate per annum at the rate of the benchmark rate offered by the HIBOR plus 2.25% per annum, guaranteed by the Company and a PRC subsidiary and pledged by structured deposit amounting to HK$10,000,000 (equivalent to RMB8,419,000).

23. SHARE CAPITAL

Details of movements of share capital of the Company are as follows:

	Number of shares	Share capital HK$
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2020, 1 January 2021 and 30 June 2021 (unaudited)	5,000,000,000	50,000,000





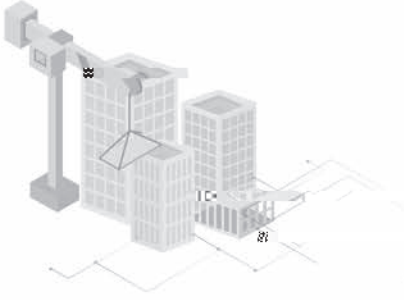
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

24. CAPITAL COMMITMENTS

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Capital expenditure contracted for but not provided for in the condensed consolidated financial statements		
– intangible assets	4,23i5fh209 Tm(30 June)87 ł9 Tm(387 nancia	





NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

25. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Equity-settled share option scheme of the Company (continued)

Grantee	Exercise period	Outstanding at 1 January 2021	Granted during period	Forfeited during period	Exercised during period	Outstanding at 30 June 2021
Directors	11/9/2018-10/9/2022	500,000	–	–	–	500,000
	11/9/2019-10/9/2022	500,000	–	–	–	500,000
	11/9/2020-10/9/2022	1,000,000	–	–	–	1,000,000
	14/11/2019-13/11/2023	400,000	–	–	–	400,000
	14/11/2020-13/11/2023	400,000	–	–	–	400,000
	14/11/2021-13/11/2023	800,000	–	–	–	800,000
	15/7/2022-14/7/2025	1,150,000	–	–	–	1,150,000
	15/7/2022-14/7/2025	1,150,000	–	–	–	1,150,000
	15/7/2023-14/7/2025	2,300,000	–	–	–	2,300,000
		8,200,000	–	–	–	8,200,000
Exercisable at the end of the reporting period		2,800,000				2,800,000
Weighted average exercise price per share		6.12	–	–	–	6.12

Grantee	Exercise period	Outstanding at 1 January 2021	Granted during period	Forfeited during period	Exercised during period	Outstanding at 30 June 2021
Employees	11/9/2018-10/9/2022	852,500	–	–	(422,000)	430,500
	11/9/2019-10/9/2022	1,085,500	–	–	(308,000)	777,500
	11/9/2020-10/9/2022	2,295,000	–	–	(432,000)	1,863,000
	14/11/2019-13/11/2023	1,055,000	–	(37,500)	(130,000)	887,500
	14/11/2020-13/11/2023	1,005,000	–	(37,500)	(130,000)	837,500
	14/11/2021-13/11/2023	2,110,000	–	(150,000)	–	1,960,000
	15/7/2022-14/7/2025	3,150,000	–	(287,500)	–	2,862,500
	15/7/2022-14/7/2025	3,150,000	–	(287,500)	–	2,862,500
	15/7/2023-14/7/2025	6,300,000	–	(575,000)	–	5,725,000
		21,003,000	–	(1,375,000)	(1,422,000)	18,206,000
Exercisable at the end of the reporting period		6,293,000				4,796,000
Weighted average exercise price per share		6.22	–	6.72	4.69	6.31

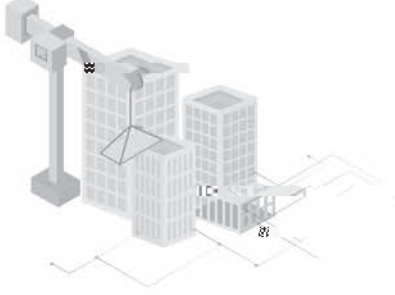


25. SHARE-BASED PAYMENT TRANSACTIONS (continued)

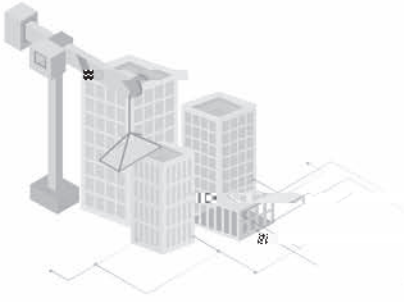
Equity-settled share option scheme of the Company (continued)

Grantee	Exercise period	Outstanding at 1 January 2020	Granted during period	Forfeited during period	Exercised during period	Outstanding at 30 June 2020
Directors	11/9/2018-10/9/2022	500,000	–	–	–	500,000
	11/9/2019-10/9/2022	500,000	–	–	–	500,000
	11/9/2020-10/9/2022	1,000,000	–	–	–	1,000,000
	14/11/2019-13/11/2023	400,000	–	–	–	400,000
	14/11/2020-13/11/2023	400,000	–	–	–	400,000
	14/11/2021-13/11/2023	800,000	–	–	–	800,000
		3,600,000	–	–	–	3,600,000
Exercisable at the end of the reporting period		1,400,000				1,400,000
Weighted average exercise price per share		5.40	–	–	–	5.40

Grantee	Exercise period	Outstanding at 1 January 2020	Granted during period	Forfeited during period	Exercised during period	Outstanding at 30 June 2020







NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable:

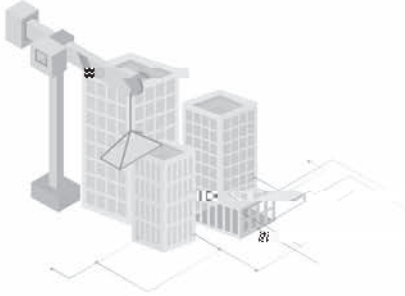
Financial assets/liabilities	Fair value 30.6.2021 RMB'000 (Unaudited)	Fair value 31.12.2020 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Cross currency swap contracts	Liabilities – 4,900	Liabilities – 8,397	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, as well as forward interest rates (from observable yield curves at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
Foreign currency option contracts	Assets – –	Assets – 790	Level 2	Garman-Kohlhagen Model Spot exchange rate (from observable exchange rate at the end of the reporting period), risk-free rate (from observable risk-free rates at the end of the reporting period) and exchange rate volatility (from observable implied exchange rate volatility at the end of the reporting period) are the key inputs.	N/A



26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (continued)

Financial assets/liabilities	Fair value 30.6.2021 RMB'000 (Unaudited)	Fair value 31.12.2020 RMB'000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
Foreign currency forward contracts	Liabilities – –	Liabilities – 9,219	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counter parties.	N/A
Other financial assets at FVTPL – structured deposit	Assets – –	Assets – 2,005	Level 2	Discounted cash flow. Future cash flows are estimated based on exchange rates (from observable exchange rates at the end of the reporting period).	N/A
Other financial assets at FVTPL – unlisted equity investment	Assets – 40,000	Assets – –	Level 2	Recent transaction price	N/A
Factoring assets at FVTOCI	Assets – 4,267,725	Assets – 3,804,200	Level 3	Discounted cash flow. Risk-adjusted discount rate and cash flow are key inputs	The higher discount rate, the lower fair value
Other financial assets at FVTPL – equity tranche	Assets – 198,586	Assets – 91,980	Level 3	Discounted cash flow. Discount rate and cash flows are key inputs	The higher discount rate, the lower fair value The higher cash flows, the higher fair value.



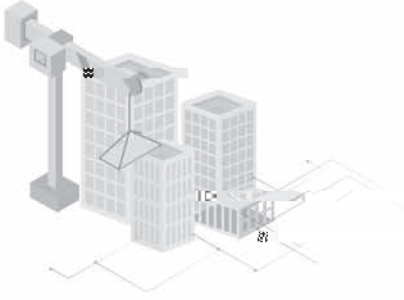
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

Financial assets/liabilities	Fair value		Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	30.6.2021 RMB'000	31.12.2020 RMB'000			



26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

27. TRANSFERS OF FINANCIAL ASSETS

The following were the Group's factoring assets that were transferred to banks, non-bank financial institutions, companies and an associate by discounting those factoring assets on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these factoring assets, it continues to recognise the full carrying amount of the factoring assets and has recognised the cash received on the transfer as borrowings (note 22) and loans from related parties (note 28).

	Factoring assets	
	30 June 2021 RMB'000	31 December 2020 RMB'000
Carrying amount of transferred assets	**1,544,609**	678,658
Carrying amount of associated liabilities	**1,513,126**	909,761
Net position	**31,483**	

28. RELATED PARTY DISCLOSURES

Save as disclosed in the condensed consolidated financial statements, the Group had the following balances which were outstanding at the end of the reporting period and the following transactions with related parties during both periods.

(a) Related party balances

(i) Refundable rental deposits

Name of Related Party	Relationship	30 June 2021 RMB'000	31 December 2020 RMB'000
Bondlink Investment Limited	Related company with controlling shareholder	**410**	415

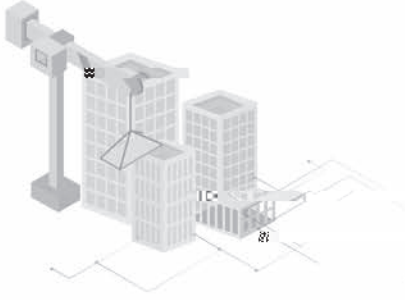


28. RELATED PARTY DISCLOSURES (continued)

(a) Related party balances (continued)

(ii) Trade receivables

Name of Related Party	Relationship	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
HJ	Associate	10,083	427
WXGJ	Associate	104	523



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

28. RELATED PARTY DISCLOSURES (continued)

(a) Related party balances (continued)

(v) Other receivables

Name of Related Party	Relationship	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
WXGJ	Associate	55,945	–
HJ	Associate	20	20
		55,965	20

(vi) Contract liabilities

Name of Related Party	Relationship	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
WXGJ	Associate	393	393
HJ	Associate	–	277



28. RELATED PARTY DISCLOSURES (continued)

(a) Related party balances (continued)

(viii) Lease liability (continued)

In April 2018, the Group and Bondlink Investment Limited entered into a lease agreement over a property with a lease term that expires on 15 April 2020. Prior to maturity of the existing lease contract, the Group and Bondlink Investment Limited entered into a new lease contract over the same property for the period from 16 April 2020 until 15 April 2022, and the lease payment was changed. At the effective date of the modification, the Group remeasured the lease liability and the difference amounting to RMB3,009,000 between the carrying amount of the modified lease liability and the carrying amount of the lease liability immediately before the modification as an adjustment to the right-of-use asset.

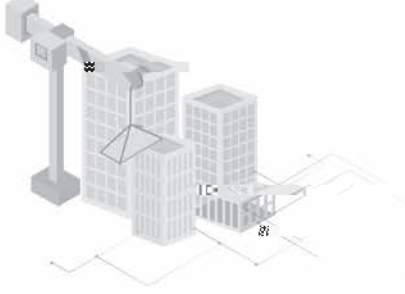
(b) Related party transactions

(i) Revenue from related parties

		Six months ended 30 June	
Name of Related Party	**Relationship**	**2021 RMB'000 (Unaudited)**	2020 RMB'000 (Unaudited)
HJ	Associate	**37,009**	31,086
WXGJ	Associate	**621**	827
Shenzhen Sheng Ye Non-Financing Guarantee Limited	Associate	**–**	2,272
		37,630	34,185

(ii) Interest expenses on loans from related parties

		Six months ended 30 June	
Name of Related Party	**Relationship**	**2021 RMB'000 (Unaudited)**	2020 RMB'000 (Unaudited)
WXGJ	Associate	**1,055**	4,190
TUNG CHI FUNG	Controlling shareholder	**151**	–
		1,206	4,190



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2021

28. RELATED PARTY DISCLOSURES (continued)

(b) Related party transactions (continued)

(iii) Interest expenses on a lease liability

Name of Related Party	Relationship	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Bondlink Investment Limited	Related company with controlling shareholder	34	40

(iv) Compensation of key management personnel

During the reporting period, the remunerations of key management personnel which represent the directors of the Company and other members of key management were as follows:

	Six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Salaries and other allowances	9,188	7,653
Share-based payment	5,018	144
Performance related bonuses	939	4,864
Retirement benefit scheme contributions	195	50
	15,340	12,711

The remuneration of these key executives of the Group is determined by Chairman of the Company having regard to the performance of individuals and market trends.

(c) Financial assets purchased from an associate

In January 2020, WXGJ sold factoring assets of RMB94,591,000 to the Group. WXGJ had transferred the significant risks and rewards relating to these factoring assets pursuant to the terms of sale agreements signed between WXGJ and the Group.

(d) Guarantee

Details of the guarantee to an associate are set out in note 21.

29. EVENTS AFTER THE END OF THE REPORTING PERIOD

In July 2021, the Group de-registered its investment in Yi Lian Shu Ke (Shenzhen) Co., Limited (易聯數科(深圳)有限責任公司), a subsidiary of the Company.

