



中國金融發展(控股)有限公司

CHINA SUCCESS FINANCE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 3623

INTERIM
REPORT
2021

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Corporate Information

EXECUTIVE DIRECTORS

Mr. ZHANG Tiewei (*Chairman*)
Mr. LI Bin (*Chief Executive Officer*)
Ms. DAI Jing
Mr. XU Kaiying
Mr. PANG Haoquan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. TSANG Hung Kei
Mr. AU Tien Chee Arthur
Mr. XU Yan
Mr. ZHOU Xiaojiang

AUTHORISED REPRESENTATIVE

Mr. LI Bin
Mr. PANG Chung Fai Benny

AUDIT COMMITTEE

Mr. TSANG Hung Kei (*Chairman*)
Mr. AU Tien Chee Arthur
Mr. XU Yan

REMUNERATION COMMITTEE

Mr. XU Yan (*Chairman*)
Mr. ZHANG Tiewei
Mr. TSANG Hung Kei

NOMINATION COMMITTEE

Mr. ZHANG Tiewei (*Chairman*)
Mr. TSANG Hung Kei
Mr. XU Yan

COMPANY SECRETARY

Mr. PANG Chung Fai Benny

LEGAL ADVISERS

As to Hong Kong law

Benny Pang & Co. in association with C&T Legal LLP

AUDITORS

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

REGISTERED OFFICE

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P.O. Box 847, Grand Cayman
KY1-1103
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

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6th Floor
Tesbury Centre
28 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Foshan Rural Commercial Bank Co., Ltd

COMPANY WEBSITE ADDRESS

<http://www.chinasuccessfinance.com>

STOCK CODE

3623

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2021 (RMB'000)	2020 (RMB'000)	Change In %
REVENUE	62,386	75,434	-17.3%
OTHER REVENUE	4,020	7,192	-44.1%
PROFIT/(LOSS) BEFORE TAXATION	13,957	(2,713)	-614.4%
PROFIT/(LOSS) FOR THE PERIOD	4,970	(17,464)	-128.5%
TOTAL COMPREHENSIVE INCOME/ (LOSS) ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	9,498	(17,654)	-153.8%
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	6,273	(17,124)	-136.6%
EARNINGS/(LOSS) PER SHARE (RMB PER SHARE)*	0.02	(0.03)	-166.7%
	AS AT 30 JUNE 2021 (RMB'000)	AS AT 31 DECEMBER 2020 (RMB'000)	Change In %
TOTAL ASSETS	1,082,562	1,198,874	-9.7%
TOTAL EQUITY	495,386	479,903	3.2%

* Earnings/(loss) per share for the six-month period ended 30 June 2020 and 2021 was calculated based on the profit/(loss) attributable to ordinary equity holders of the Company and the weighted average number of issued ordinary shares of the Company for the corresponding period. For the six-month period ended 30 June 2020 and 2021, the weighted average number of issued ordinary shares of the Company were 524,635,000 and 532,441,000 ordinary shares, respectively.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of China Success Finance Group Holdings Limited (the “**Company**” or “**China Success Finance**”), I am pleased to present the unaudited interim results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2021 (“**the Reporting Period**”).

In the first half of 2021, with the improved access to vaccines and accelerated vaccination rates around the world, the global Coronavirus Disease (“**COVID-19**”) pandemic showed signs of easing. The increasing international trade and investment, and the revival of manufacturing industries have become more prominent as the world's economy has been gradually recovering. However, some countries, especially the emerging ones, struggled to combat the highly infectious delta variants, which impeded the economic recovery.

Despite sporadic COVID-19 cases occurred in certain provinces in Mainland China, consistently effective pandemic measures implemented by the Central Government have kept the pandemic largely contained in Mainland China. During the Reporting Period, the Central Government stepped up cross-ministries efforts to strengthen pandemic control and drive sustained and healthy economic and social development through targeted macro policies. As a result, the country's GDP in the first half of 2021 increased by 12.7% year-on-year, with an average two-year growth rate of 5.3%. The domestic economy saw a steady and positive development momentum. Thanks to the easing pandemic and political stability, Hong Kong's economy has recovered significantly. In the first quarter of 2021, the city's economy has expanded 7.8% year-on-year, a turnaround from year-on-year contractions for six consecutive quarters. Yet, certain industries were still enduring a widespread business distress, resulting in an unbalanced pace of economic recovery. The city is expected to take a longer time to resume to the pre-COVID-19 economic level.

During the Reporting Period, the complex external business environment and resurgence of pandemic not only hindered the business development of the Group, but also increased the difficulty of its risk control. In face of these challenges, the Group adhered to prudent and steady business development strategies. It carefully assessed key factors such as market environment and policy changes, and conducted its traditional businesses in a strategic manner, in order to provide customers with comprehensive, professional and efficient integrated financial services while assisting customers to overcome hardships during the epidemic.

In terms of guarantee business, the Group continued to optimize its operating structure, deepen its intensive efforts in the financial technology area and utilize technology to develop tailored and precise financial services for customers. Meanwhile, the Group continued to develop the traditional guarantee business by taking advantages of the State's policy to increase financial support for micro, small and medium-sized enterprises, and explored cooperation opportunities with financial institutions, with an aim to offer customers with diversified financial services. Regarding financial leasing, factoring and asset management businesses, the Group closely monitored market development and the impact brought by the pandemic-induced market volatility and unstable external market environment, and adhered to the operating principle of “doing what should be done while leaving others alone” to run business with caution.

Chairman's Statement

The Central Government has introduced a series of policies for the development of the Guangdong-Hong Kong-Macao Greater Bay Area. To capture the flourishing opportunities in the Greater Bay Area, the Group actively sought business opportunities in integrated financial services in the Greater Bay Area during the Reporting Period by leveraging its advantages in resources and its leading position in the industry. The Group persisted in tapping into the field of financial technology by building close ties with financial institutions and financial technology companies, and explored diversified cooperation model so as to provide more efficient and comprehensive integrated financial services to its customers. Moreover, in response to the Central Government's strategic deployment for the pig breeding industry in the agenda of "Central Document No.1", the Group actively explored the integrated model of "Finance & Entity". Its pig farm in the Greater Bay Area has passed the Environmental Impact Assessment and completed basic constructions. It officially commenced operation during the Reporting Period. The Group's breakthrough in the livestock farming industry has laid the foundation for future development of integrated financial services for the supply chain.

Looking forward to the second half of 2021, the global economy is expected to be undermined with uncertainties brought by the Delta variants, spillover effects caused by the continuous loosening fiscal and monetary policies of the U.S. and other developed countries, development of Sino-U.S. economic and trade tensions, as well as heightened geopolitical risks and political conflicts across countries. Although Mainland China's economy has witnessed a faster rebound than other countries, and the "Chinese Government Work Report" for 2021 expects the nation's GDP to grow by more than 6% for the whole year, factors such as the instability of external economy, risk of pandemic resurgence and vulnerability of Sino-US relations will disrupt the development of domestic economy. Looking ahead to the second half of the year, the Central Government will remain focused on "six stabilities" and implement in full the "six guarantees". Further, it will accelerate the formation of a new development pattern with domestic cycle being the focal point, while propelling the domestic and international dual cycles to maintain a reasonable scope for economic operations. As for the economy in Hong Kong, given the easing pandemic, together with the improving unemployment rate and distribution of consumption voucher, Hong Kong's economy will stage a stronger rebound in the second half of the year.

The Group will adhere to its principle of prudent and steady development in its traditional businesses. For guarantee business, the Group will continue to explore the integrated model of "Finance & Entity" in order to align with the country's policy to increase financial support for micro, small and medium-sized enterprises, and identify and design new product models together with financial institutions, so as to enrich its product chain and broaden the revenue stream for the Group. With regard to the business layout of the Greater Bay Area, the Group will examine market needs for the construction of the Greater Bay Area and provide customers with various professional and suited financial services. As for the business of supply chain financial services, the Group will closely follow national policy direction and capitalize on its technological strengths and professional teams, to operate pig farms with a modern, large-scale and standardized breeding model, and to accelerate financial cooperation with the entire breeding industry chain to conduct in-depth assessment and development of financial products for the entire industry chain.

Chairman's Statement

Furthermore, as regards market opportunities and its long-term development strategy, the Group will continue to explore new opportunities through investments, equity purchases and acquisitions, to provide comprehensive financial services along the industrial chain from point to area, with an aim to enhance its comprehensive competitiveness.

Last but not least, on behalf of the Board, I would like to express my utmost appreciation to all shareholders, clients and business partners. Faced with the uncertain economic prospects, the management and all employees will rise to the challenges, spare no effort to strive better business development and performance, and strive to create more valuable and fruitful returns for investors and shareholders.

Zhang Tiewei

Chairman and Executive Director

30 August 2021

Management Discussion and Analysis

OVERVIEW

In the first half of 2021, with the improved access to vaccines and accelerated vaccination rate around the world, the global Coronavirus Disease (“**COVID-19**”) pandemic showed signs of easing. The revival of international trade, investment and manufacturing industries have sped up as the global economy has been gradually recovering, despite a considerable economic disparity and imbalance across countries. Major economies such as China and the U.S. dominated the world’s economic recovery whilst emerging markets and developing economies were faced with obstacles hindering their recovery due to the unstable situation of the pandemic.

On the mainland and Hong Kong, given uncertainties and instability in both local market and overseas, the Central Government stepped up cross-ministries efforts to strengthen pandemic measures and drive sustained and healthy economic and social development through targeted macro policies. The economic development has shown a steady and positive momentum, with the country’s GDP in the first half of 2021 increasing by 12.7% year-on-year, and an average two-year growth rate of 5.3%. However, uncertainties, including persistent evolving global pandemic and external instability, created a disparity across different regions and areas in terms of recovery of domestic economy, and greater efforts are required to consolidate the foundation for stable development. In Hong Kong, attributable to the easing pandemic and political stability, the city’s economy has been slowly picking up. In the first quarter of 2021, Hong Kong’s economy has grown by 7.8% year-on-year, a turnaround from year-on-year contractions for six consecutive quarters. Yet, certain industries were still under dire operating environment, resulting in an unbalanced pace of economic recovery.

In the first half of 2021, the Group’s business development and risk management capabilities faced severe hardships brought by the challenging market environment and prolonged COVID-19 pandemic. On one hand, the ongoing pandemic in the first half has weakened the investors’ sentiment, and hindered the Group’s business development; On the other hand, the chain reaction brought by the pandemic has led to the increase in business risk exposure as well as difficulty in risk control. Faced such challenges, the Group is deeply aware of the importance of risk prevention, business innovation and accelerating the application of financial technology. During the Reporting Period, the Group continued to adhere to prudent and steady development strategies, prioritizing risk prevention while steadily developing traditional businesses and propelling integrated services for the Greater Bay Area. It also expanded and reinforced cooperation channels and enhanced competitiveness through investments, mergers and acquisitions, explored new category of industry-finance integration, with the aim to turn pressure and crisis into driving forces and opportunities, striving to enhance the Group’s ability and seize business expansion opportunities amid the adverse environment.

Management Discussion and Analysis

BUSINESS REVIEW

Steadily Developing Traditional Businesses with a Prudent Approach

In the first half of 2021, threatened by the complex external business environment, the Group continued to adopt prudent and steady business development strategies, as it carefully assessed key factors such as market environment and policy changes, and conducted its traditional businesses in a discretionary manner.

In terms of guarantee business, during the first half of 2021, with its development strategies and observations on market, environment and industries changes, the Group adopted a prudent and steady development strategy, and slowed down its pace of business development. While the Group continued to consolidate its business foundation and optimize its business structure, it followed market trends to increase its presence in the financial technology sector by selecting top institutions for cooperation, exploring and designing personalized financial services which meet customer needs and harnessed the prowess of technology, with a view to providing more precise financial services. Meanwhile, the Group continued to develop the traditional guarantee business by taking advantages of the State's policy of increasing financial support for micro, small and medium-sized enterprises, and built closer ties with financial institutions and explored diversified cooperation opportunities, with an aim to offer customers with diversified financial services.

Regarding financial leasing, factoring and asset management businesses, the Group adhered to the operating principle of “doing what should be done while leaving others alone” in the first half of 2021 to run business with caution.

Propelling Integrated Services for the Greater Bay Area

The Guangdong-Hong Kong-Macao Greater Bay Area is one of the most dynamic areas in China's economy, and a series of supporting policies and measures have been introduced successively. The State's Outline of the 14th Five-Year-Plan sets out the target of building the Guangdong-Hong Kong-Macao Greater Bay Area as the first echelon to lead high-quality development. The Outline issued by the Guangdong government puts forward that it is of paramount importance to construct the Greater Bay Area and lead the province to form a powerful engine that promotes high-quality development of the national economy with the Greater Bay Area as its main platform. The Group seized major opportunities in the construction of the Greater Bay Area as well as integrated its business resource advantages, and devised plans in developing integrated financing services in the area, supporting the construction within the district.

Management Discussion and Analysis

Expanding and Reinforcing Cooperation Channels

In the first half of 2021, in accordance with its development strategic goal and the integrated market development trend, the Group continued to expand into the field of financial technology and strengthen in-depth exchanges with financial institutions and financial technology companies, jointly to explore diversified business collaboration models, in order to provide customers with more diversified integrated financial services.

Exploring New Category of Industry-finance Integration, While Investing in Livestock Farming Entities

In 2021, the Central Government has been devising plans for pig breeding industry by setting it on the agenda of “Central Document No.1” for years, pushing forward the modernization of agriculture, and accelerating the construction of a modern breeding system to protect basic pig production capacity and improve the mechanism of pig breeding industry for steady and orderly development in the long-term. On the other hand, the “One Belt, One Road” initiatives also brought immense markets and opportunities to the breeding industry.

In the first half of 2021, the Group closely followed the national policies to accelerate the exploration in the integrated mode of “Finance & Entity”. The Group’s modern pig farm invested in the Greater Bay Area has passed the Environmental Impact Assessment and completed the basic construction work. There are currently 1998 sows and sales of market hogs are estimated to reach 60,000 annually. The breeding farm has officially commenced operation. Due to high operating costs incurred, such as advance infrastructure works, coupled with the fluctuation in the price of pigs, the price of pigs has fallen from the beginning of the year and no profit has been achieved during the Reporting Period. Nonetheless, the Group has completed preliminary assessment on the livestock farming industry and laid the foundation for the future supply chain development of integrated financial services.

Strengthening through Investments, Mergers and Acquisitions

In the first half of 2021, the Group managed to propel construction work in the Success Science and Technology Innovation Park Project, which is one of the benchmarking projects of “Three Olds Redevelopment” in Shunde District. The first phase of construction has been completed and delivered while the second phase of construction was in progress according to the renovation plan. The construction progress and influence have aroused public attention.

USE OF PROCEEDS

On 1 February 2018, the Company issued convertible bonds in an aggregate principal amount of HKD154 million under general mandate. The net proceeds, after deducting the administration fee of HKD1,540,010, were HKD152,459,990, and had been fully used as at 31 August 2019.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the six months period ended 30 June 2021, the Group's revenue was approximately RMB66.4 million (six months period ended 30 June 2020: approximately RMB82.6 million), representing a decrease of approximately 19.6%. Detailed analysis of the Group's revenue is as follows:

1. *Financial guarantee services*

Revenue from the Group's financial guarantee services was mainly generated from the service fees charged for our financial guarantee services. For the six months period ended 30 June 2021, the Group's net revenue generated from financial guarantee services was approximately RMB44.1 million (six months period ended 30 June 2020: approximately RMB91.3 million), representing a decrease of approximately 51.7%.

In the first half of 2021, the Group adopted a prudent strategy and slowed down its business development in light of the key factors such as market environment and changes in policies. As for the financial technology sector, the Group selected top institutions for cooperation and provided customers with precise financial services by harnessing the prowess of technology. As for the traditional guarantee business, the Group built closer ties with financial institutions and explored diversified cooperation opportunities.

In the first half of 2021, the net income from the financial guarantee services decreased significantly compared to that for the same period last year, which was mainly due to the decrease in the new guarantee business during the Interim Period as a result of the business restructuring by the Group in the first half of 2021 and the decrease in guarantee income recognized during the period arising from the deferred income derived from the previous years, as a result of the existing guarantee business which is maturing gradually.

2. *Non-financial guarantee services*

Revenue from the Group's non-financial guarantee services was mainly generated from the service fees charged for providing customers with performance guarantees in relation to the performance of payment obligations and litigation guarantees. For the six months period ended 30 June 2021, the Group's revenue generated from non-financial guarantee services decreased by approximately 25.0% to approximately RMB0.3 million (six months period ended 30 June 2020: approximately RMB0.4 million).

The decrease in revenue from non-financial guarantee business for the first half of 2021 as compared to the same period of last year was due to the fact that the Group optimized its business structure to focus its efforts on new business, resulting in changes in the performance and revenue of performance guarantee business and the litigation guarantee business.

Management Discussion and Analysis

3. *Financial consultancy services*

Revenue from the Group's financial consultancy services was mainly generated from the service fees charged for providing customers with financial consultancy services by the Group. For the six months period ended 30 June 2021, the Group's revenue generated from financial consultancy services was approximately RMB0.02 million (six months period ended 30 June 2020: approximately RMB1.4 million).

The decrease in revenue from financial consultancy services in the first half of 2021 as compared to the same period of last year was mainly attributable to the maturity of most of the existing businesses of financial consultancy services and the further downsizing by the Group of financial consultancy services in light of the impact from the change in the market environment, resulting in a decrease in the revenue.

4. *Revenue from Sales of Market Hogs*

For the six months period ended 30 June 2021, the Group's revenue from sales of market hogs was approximately RMB27.8 million (for the year ended 31 December 2020: approximately RMB8.9 million).

In 2020, the Group grasped the opportunities from policy support, industry restructuring and environmental protection and epidemic prevention, invested in livestock farming entities, invested in the construction of pig farms in Greater Bay Area, and operated pig farms with a modern large-scale and standardized breeding model. Currently, the investment and construction of main projects in pig farms have basically been completed and the pig farms have been put into operation. The Group started to record the sales income of market hogs in the second half of 2020, and the sales income achieved accelerated growth in the first half of 2021.

	For the Six months ended 30 June 2021 RMB' 000	For the year ended 31 December 2020 RMB'000
Sales of market hogs	27,820	8,922
Cost of market hogs sold	(11,631)	(3,553)
Net income	16,189	5,369

Due to the fluctuation in the price of pigs, the price of pigs has fallen from the beginning of the year, the loss of changes in fair value of biological assets for the period was approximately RMB17.7 million. Nonetheless, the Group has completed preliminary assessment on the livestock farming industry and laid the foundation for the future supply chain development of integrated financial services.

Management Discussion and Analysis

Other Revenue

The Group's other revenue comprised interest income from bank deposits, Government grants and others. For the six months period ended 30 June 2020 and 2021, the Group's other revenue was approximately RMB7.2 million and RMB4.0 million, respectively, representing a decrease of approximately 44.4%.

The decrease in other revenue as compared to the same period of last year was due to the decrease in the Interest income from bank deposits as a result of the decrease in the cash and bank deposits of the Group in the first half of 2021.

Impairment and Provision (Charged)/Written Back

Impairment and provision mainly represents the provision charged/(written back) for guarantees issued and the impairment provision for receivables from guarantee payments, factoring receivable and finance lease receivable, trade and other receivables, impairment of investment in associate where it is likely that the customers or other parties are in financial difficulties and recovery was considered to be remote. In the event that any impairment and provision was made in the previous years but subsequently recovered, impairment and provision previously made will be written back in the year in which the relevant amount is recovered.

Operating Expenses

For the six months period ended 30 June 2021, the Group's operating expenses (including research and development costs) was approximately RMB27.0 million (six months period ended 30 June 2020: approximately RMB37.2 million), decreased by approximately RMB10.2 million or approximately 27.4% when compared with the corresponding period of the last year. The Group upheld the cost-efficient principle, the operating expenses was analyzed as follows:

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries	14,257	14,888
Audit fee	1,764	1,285
Amortization charges	3	73
Depreciation charge	828	688
Rentals	123	102
Intermediary consulting expenses	4,652	6,253
Office, travel and entertainment expenses	1,817	7,626
Exchange (gains)/loss	(143)	3,340
Others	3,746	2,895
Total	27,047	37,150

Management Discussion and Analysis

The decrease in the intermediary consulting expenses as compared to the same period of last year was mainly due to the decrease in the data service fee relating to the data storage, as a result of the decrease in the new guarantee business of Success Guarantee during the Interim Period, arising from the business restructuring.

The significant decrease in office, travel and entertainment expenses as compared to the same period of last year was mainly due to the decrease in the entertainment expenses incurred by the Group in business operations.

Share of Losses of Associates

The share of losses of associates amounted to a loss of approximately RMB1.1 million for the six months period ended 30 June 2021, representing a decrease of approximately RMB25.5 million from a loss of approximately RMB26.6 million for the six months period ended 30 June 2020.

In the first half of 2021, the Group made provision for the impairment of Success Credit at associate level and recognized the investment loss under the equity method. In 2020, the Group made provision for the impairment of the long-term equity investment of Success Credit at group level and recognized impairment and provision charges. Therefore, no provision for the impairment is required to be made for Success Credit at associate level during the period, resulting in a significant decrease in the share of losses of associates as compared to the same period of last year.

Profit/(Loss) before taxation

Profit/(Loss) before taxation decreased by approximately RMB16.7 million, or approximately 618.5%, from a loss of approximately RMB2.7 million for the six months period ended 30 June 2020 to a profit of approximately RMB14.0 million for the six months period ended 30 June 2021.

The profit before taxation for the period was mainly attributable to: (i) the significant decrease in the operating expenses and the investment losses in the associated enterprises of the Group for the Interim Period as compared to the same period last year; (ii) the significant decrease in the impairment and provision charges of the Group for the Interim Period with a written back amount of RMB5.1 million.

Income Tax

For the six months period ended 30 June 2021, the Group's income tax amounted to approximately RMB9.0 million, representing a decrease of approximately 39.2% from approximately RMB14.8 million in the corresponding period of 2020. The decrease in income tax was mainly due to the fact that income tax was paid in the previous period for the current income recognized for the deferred income from the financial guarantee projects, which resulted in a decrease in the income tax expense for the period.

Management Discussion and Analysis

Trade and Other Receivables – Receivables from Guarantee Payments

Receivables from guarantee payments mainly represent default loan amount repaid by the Group on behalf of our customers. Upon default by a customer in respect of repayment of a bank loan, according to the relevant guarantee agreement, the outstanding balance shall be firstly settled by the Group on behalf of the customer. The Group will then subsequently request repayment from the customer or take possession of the counter-guarantee assets provided by such customer to recover the outstanding balance. Receivables from guarantee payments were interest bearing and the Group holds certain collaterals over certain customers. The net book value of receivables from guarantee payments increased from approximately RMB3.1 million as at 31 December 2020 to approximately RMB4.6 million as at 30 June 2021.

LIQUIDITY AND CAPITAL RESOURCES

Treasury Management and Investment Policy

In order to utilise the Group's financial resources for obtaining a better return for the shareholders effectively, the Group's general approach is to seek some alternative investment opportunities which could provide a better return with limited risk exposure.

Pledged Bank Deposits and Cash and Bank Deposits

As at 30 June 2021, the current pledged bank deposits amounted to approximately RMB136.2 million (as at 31 December 2020: approximately RMB175.5 million), representing a decrease of approximately RMB39.3 million as compared to the end of last year. Cash and bank deposits amounted to approximately RMB244.4 million (31 December 2020: approximately RMB354.1 million), representing a decrease of approximately RMB109.7 million, as compared to the end of last year. The decrease in cash and bank deposits was mainly due to the decrease in pledged deposits placed by third parties as a result of the requirements for the business between the Group and its customers.

Interest Rate Risk and Foreign Exchange Risk

As at 30 June 2021, the Group's interest rate is primarily related to interest-bearing bank deposits and pledged bank deposits.

The Group's businesses for the six months period ended 30 June 2021 were principally conducted in RMB, while most of the Group's monetary assets and liabilities were denominated in HKD and RMB. As the RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may have impact on the Group's result. Although foreign currency exposure does not pose a significant risk on the Group, and currently the Group does not have hedging measures against such exchange risks, the Group will continue to take proactive measures and monitor closely the risk arising from such currency movement.

Management Discussion and Analysis

Gearing Ratio

The Group's gearing ratio (total liabilities divided by total equity) decreased from approximately 149.8% as at 31 December 2020 to approximately 118.5% as at 30 June 2021, which was mainly due to the decrease in the total liabilities. The decrease in total liabilities was mainly due to the reduction of guarantee liabilities (deferred income), pledged deposits payable to cooperative companies and accruals and other payables.

HUMAN RESOURCES AND REMUNERATION POLICIES

The Group recruits talents from the open market. The Group offers competitive remuneration packages to qualified employees, including salaries, bonuses, food and regular health examinations and various benefits. The Group places a high importance on staff development and provides business and corporate governance training to our staff on a regular basis to enhance their knowledge of the financial products in the market, the applicable laws and regulations and professional skills in relation to the industry in which the Group operates. The Group offers substantial support to employees with its diverse resources to boost their self-esteem and leading to their personal development.

The Group maintained stable relationship with its employees. As at 30 June 2021, the Group had 71 full-time employees. Compensation of the employees primarily includes salaries, discretionary bonuses, contributions to five social insurance and one housing fund, employer's liability insurance and retirement benefit scheme. The Group incurred staff costs (including Directors' remuneration) of approximately RMB14.3 million for the six months period ended 30 June 2021. The Group has adopted a Pre-IPO Share Option Scheme and a Post-IPO Share Option Scheme as incentives to the Directors and eligible employees.

Management Discussion and Analysis

PROSPECTS AND OUTLOOK

Macro Outlook

Looking forward to the second half of 2021, while the global economic recovery is gathering pace, growth rates largely varied in different countries. Emerging economies are expected to witness a slower rebound due to factors such as financial constraints and slower vaccination rates. Impact brought by the Delta variants has added new uncertainties to the global economic recovery. The spillover effects brought by the continuous loosening fiscal and monetary policies of the U.S. and other developed countries, the trend of Sino-U.S. economic and trade tension, uncertain geopolitical risks and political conflicts across countries will hamper global economic rebound.

With the continued control of pandemic in Mainland China and the acceleration of global economic recovery, China's economy is expected to sustain a stable recovery. The "Chinese Government Work Report" for 2021 expects the nation's GDP to grow by more than 6% in the year. Looking forward to the second half of the year, uncertainties of the external economies, resurgence of infected cases, and development of Sino-U.S. economic and trade relationship will affect the economic growth of the country. China will endorse continuity, stability and sustainability of its macroeconomic policies and provide necessary support for economic recovery by upholding a solid focus on "six stabilities" and fully implementing the "six guarantees". At the same time, it will accelerate the formation of a new development pattern with domestic cycle being the focus while domestic and international dual cycles promoting each other to maintain a reasonable range for economic operations. As the pandemic situation in Hong Kong is easing and the unemployment rate continues to improve, Hong Kong's economy will stage a stronger rebound in the second half of the year.

In the second half of 2021, in the face of uncertainties brought by the external economic conditions as well as the epidemic situation, the Group will continue to adhere to its principle of prudent and steady development. While adopting a prudent approach in growing its traditional businesses, the Group will plan for the Greater Bay China constructions, and enhance its competitiveness through investments, mergers and acquisitions, ensuring a steady growth of the Group.

Steadily Developing Traditional Businesses with a Prudent Approach

In light of the macro-economic situation, the Group will focus on industry policies, grasping market trends, and continue to prudently and steadily develop its traditional businesses. Through integrating resources, leveraging the strengths of each company in the Group, and seeking new cooperation opportunities, the Group strives to add new impetus to its long-term and stable development.

For guarantee business, the Group will continue to deepen its exploration in the field of financial technology, and actively identify win-win cooperation with financial institutions and technology companies, with a view to providing customers with diversified and personalized integrated financial services. Aligning with the country's policy to increase financial support for micro, small and medium-sized enterprises, the Group will continue to develop its traditional guarantee business based on its own advantages, give full play to meeting customers' needs, and jointly explore and design new product models with financial institutions to enrich its product chain, so as to broaden the revenue stream for the Group.

Management Discussion and Analysis

Furthermore, taking the macro environment and policy guidance into consideration, the Group will fully utilize its multi-licenses advantages, prudently provide customers with various types of integrated professional and specialized financial services, to tap the strong demand for the construction of the Greater Bay Area.

Exploring a New Model of Industry-finance Integration and Developing Integrated Financial Services for the Supply Chain

Pig breeding is an important part of agriculture and plays a key role in the “Vegetable Basket Policy” concerning the national economy and people’s livelihood. In March 2021, the “14th Five-Year Plan for Economic and Social Development of the People’s Republic of China and the Outline Plan of the Long-Range Objectives Through the Year 2035” emphasizes that it is necessary to reinforce the position of agriculture, enhance the comprehensive agricultural production capacity, while promoting rural primary, secondary, and tertiary industry integration to extend the agricultural industry chain, improve the rural financing service system, as well as the incentive mechanism for supporting agriculture.

The Group will closely follow national policy direction and expedite the exploration of integrated model of “Finance & Entity”. Leveraging its technological strengths and professional teams, the Group will operate pig farms with a modern, large-scale and standardized breeding model, and take it as a pilot to accelerate financial cooperation with the entire breeding industry chain to conduct in-depth assessment and development of financial products for the entire industry chain. By exploring new model of industry-finance integration, the Group actively responds to the country’s supporting policies for agriculture, and enhances the core competitiveness of the Group.

Propelling Integrated Services for the Greater Bay Area

The Group will continue to grasp development opportunities in the Greater Bay Area. Through integrating its advantage of business resources and seeking opportunities of integrated financial services for constructing the area, the Group will provide specialized financial services and support to regional enterprises, thereby participating in propelling the construction and development of the Greater Bay Area.

Strengthening through Investments, Mergers and Acquisitions

With regards to market opportunities and its long-term development strategy, the Group will continue to explore new investment opportunities in projects through investments, equity purchases and acquisitions, with an aim to identify new businesses and enhance its comprehensive competitiveness.

Review Report of Interim Financial Information

Review report to the board of directors of China Success Finance Group Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 19 to 75 which comprises the consolidated statement of financial position of China Success Finance Group Holdings Limited (the “Company”) as of 30 June 2021 and the related consolidated statement of profit or loss, and other comprehensive income and the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

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

KPMG

Certified Public Accountants
8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

30 August 2021

Consolidated Statement of Profit or Loss

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

	Note	Six months ended 30 June	
		2021 RMB' 000	2020 RMB' 000
Guarantee income		121,337	636,105
Less: guarantee service fee		(76,938)	(544,398)
Net guarantee fee income		44,399	91,707
Interest income		–	–
Less: interest expenses		(9,857)	(17,667)
Net interest expenses		(9,857)	(17,667)
Sales of market hogs		27,820	–
Service fee from consulting services		24	1,394
Revenue	3	62,386	75,434
Other revenue	4	4,020	7,192
Cost of market hogs sold		(11,631)	–
Impairment and provision written back/(charged)	5(a)	5,063	(21,631)
Operating expenses		(26,116)	(32,241)
Research and development costs		(931)	(4,909)
Net changes in fair value of biological assets		(17,731)	–
Share of losses of associates		(1,103)	(26,558)
Profit/(loss) before taxation	6(b)	13,957	(2,713)
Income tax	6(a)	(8,987)	(14,751)
Profit/(loss) for the period		4,970	(17,464)
Attributable to:			
Equity shareholders of the Company		8,195	(17,994)
Non-controlling interests		(3,225)	530
Profit/(loss) for the period		4,970	(17,464)
Earnings/(loss) per share (RMB per share)			
Basic	7(a)	0.02	(0.03)
Diluted	7(b)	0.02	(0.03)

The notes on pages 26 to 75 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company attributable to the profit for the period are set out in note 28(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Six months ended 30 June	
	2021 RMB' 000	2020 RMB'000
Profit/(loss) for the period	4,970	(17,464)
Other comprehensive income/(loss) for the period (after tax and reclassification adjustments)	–	–
<i>Item that may be reclassified to profit or loss:</i>	<i>–</i>	<i>–</i>
Exchange differences on translation of financial statements of operations outside the mainland China	1,303	340
Total comprehensive income/(loss) for the period	6,273	(17,124)
Attributable to:		
Equity shareholders of the Company	9,498	(17,654)
Non-controlling interests	(3,225)	530
Total comprehensive income/(loss) for the period	6,273	(17,124)

The notes on pages 26 to 75 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2021 – unaudited
(Expressed in Renminbi)

	Note	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Assets			
Cash and bank deposits	8	244,371	354,105
Pledged bank deposits	9	136,223	175,495
Trade and other receivables	10	297,960	302,342
Factoring receivables	11	54,508	56,084
Finance lease receivables	12	42,152	41,579
Interests in associates	14	24,379	25,482
Biological assets	15	11,029	28,399
Inventories	16	837	–
Property, plant and equipment	17	169,106	103,749
Intangible assets		–	1
Financial assets measured at fair value through profit or loss (FVPL)	18	64,064	64,187
Deferred tax assets	19(b)	37,933	47,451
Goodwill	20	–	–
Total assets		1,082,562	1,198,874
Liabilities			
Liabilities from guarantees	21	178,927	273,308
Pledged deposits received	22	178,518	239,818
Interest-bearing borrowings	23	105,000	50,000
Liability component of convertible bonds	24	53,587	60,015
Accruals and other payables	25	41,232	65,393
Current tax	19(a)	15,817	18,908
Lease liabilities	26	14,095	11,529
Total liabilities		587,176	718,971
NET ASSETS		495,386	479,903

The notes on pages 26 to 75 form part of this interim financial report.

Consolidated Statement of Financial Position

at 30 June 2021 – unaudited (continued)
(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
CAPITAL AND RESERVES			
Share capital	28(b)	4,343	4,266
Reserves		494,722	476,091
Total equity attributable to equity shareholders of the Company		499,065	480,357
Non-controlling interests		(3,679)	(454)
TOTAL EQUITY		495,386	479,903

Approved and authorised for issue by the board of directors on 30 August 2021.

張鐵偉
Zhang Tiewei
Director

李斌
Li Bin
Director

The notes on pages 26 to 75 form part of this interim financial report.

Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Surplus reserve	Regulatory reserve	Exchange reserve	Accumulated losses			
	RMB'000 Note 28(b)	RMB'000 Note 28(c)	RMB'000 Note 28(d)	RMB'000 Note 28(e)	RMB'000 Note 28(f)	RMB'000 Note 28(g)	RMB'000			
Balance at 1 January 2020	4,187	442,174	319,487	56,997	30,988	7,900	(315,467)	546,266	683	546,949
Changes in equity for the six months ended 30 June 2020:										
Loss for the period	-	-	-	-	-	-	(17,994)	(17,994)	530	(17,464)
Exchange differences on translation of financial statements of operations outside the mainland China	-	-	-	-	-	340	-	340	-	340
Total comprehensive loss	-	-	-	-	-	340	(17,994)	(17,654)	530	(17,124)
Shares issued under share option scheme	28(c)	2,612	726	-	-	-	-	3,338	-	3,338
Balance at 30 June 2020 and 1 July 2020	4,187	444,786	320,213	56,997	30,988	8,240	(333,461)	531,950	1,213	533,163
Changes in equity for the six months ended 31 December 2020:										
Loss for the period	-	-	-	-	-	-	(65,425)	(65,425)	(1,667)	(67,092)
Exchange differences on translation of financial statements of operations outside the mainland China	-	-	-	-	-	5,959	-	5,959	-	5,959
Total comprehensive loss	-	-	-	-	-	5,959	(65,425)	(59,466)	(1,667)	(61,133)
Convertible bonds converted to share capital	28(b) & (c)	8,470	-	-	-	-	-	8,549	-	8,549
Shares issued under share option scheme	28(c) & (d)	(208)	2,739	-	-	-	-	2,531	-	2,531
Effective by using IFRS16	-	-	-	-	-	-	(3,207)	(3,207)	-	(3,207)
Balance at 31 December 2020	4,266	453,048	322,952	56,997	30,988	14,199	(402,093)	480,357	(454)	479,903

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2021 – unaudited (continued)

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Surplus reserve	Regulatory reserve	Exchange reserve	Accumulated losses			
	RMB'000 Note 28(b)	RMB'000 Note 28(c)	RMB'000 Note 28(d)	RMB'000 Note 28(e)	RMB'000 Note 28(f)	RMB'000 Note 28(g)	RMB'000			
Balance at 1 January 2021	4,266	453,048	322,952	56,997	30,988	14,199	(402,093)	480,357	(454)	479,903
Changes in equity for the six months ended 30 June 2021:										
Profit for the period	-	-	-	-	-	-	8,195	8,195	(3,225)	4,970
Exchange differences on translation of financial statements of operations outside the mainland China	-	-	-	-	-	1,303	-	1,303	-	1,303
Total comprehensive income	-	-	-	-	-	1,303	8,195	9,498	(3,225)	6,273
Surplus reserve appropriation	28(e)	-	-	(5,005)	-	-	5,005	-	-	-
Convertible bonds converted to share capital & exercise share option	28(b) & (c)	77	7,135	-	-	-	-	7,212	-	7,212
Shares issued under share option scheme	28(d)	-	-	1,998	-	-	-	1,998	-	1,998
Balance at 30 June 2021	4,343	460,183	324,950	51,992	30,988	15,502	(388,893)	499,065	(3,679)	495,386

The notes on pages 26 to 75 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

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

	Note	Six months ended 30 June	
		2021 RMB' 000	2020 RMB'000
Operating activities			
Cash used in operations		(33,835)	(74,394)
Tax paid	19(a)	(2,560)	(1,352)
Net cash used in operating activities		(36,395)	(75,746)
Investing activities			
Proceeds from disposal of investments in subsidiaries		–	1,023
Payments for purchase of equipment	17(a)	(9,371)	(4,292)
Payments for acquisition of a subsidiary	13	–	(1,530)
Prepayment for constructions		(53,276)	–
Proceeds from sales of equipment	17(a)	–	519
Acquisition of financial assets	18	–	(25,000)
Interest received		1,850	5,998
Net cash used in investing activities		(60,797)	(23,282)
Financing activities			
Proceeds from bank loans	23(a)	110,000	50,000
Payments on bank loans		(55,000)	–
Interest paid		(3,461)	(18,773)
Payment on redemption of note payables		–	(36,538)
Capital and Interest element of lease rentals paid		(1,796)	(624)
Net cash generated from/(used in) financing activities		49,743	(5,935)
Net decrease in cash and cash equivalents		(47,449)	(104,963)
Cash and cash equivalents at 1 January	8	86,582	193,837
Effect of foreign exchanges rates changes		(143)	(3,340)
Cash and cash equivalents at 30 June	8	38,990	85,534

The notes on pages 26 to 75 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 30 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 18.

The financial information relating to the financial year ended 31 December 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

The group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendment to HKFRS 16, *Covid-19-related rent concessions beyond 30 June 2021 (2021 amendment)*

The group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022.

During the interim reporting period, the Group has no rent concessions.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform – phase 2*

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”).

The amendments do not have an impact on this interim financial report as the group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the provision of guarantees, financial leasing, factoring, sales of market hogs and financial consultancy services. The amount of each significant category of revenue recognised during the year is as follows:

	Six months ended 30 June	
	2021 RMB' 000	2020 RMB'000
Guarantee fee income		
– Income from financial guarantees	1,334	1,601
– Income from online financial guarantees	119,729	634,109
– Income from performance guarantees	271	376
– Income from litigation guarantees	3	19
Gross guarantee fee income	121,337	636,105
Less: guarantee service fee	(76,938)	(544,398)
Net guarantee fee income	44,399	91,707
Interest income/(expenses)		
Interest income	–	–
Less: interest expenses	(9,857)	(17,667)
Net interest expenses	(9,857)	(17,667)
Service fee from consulting services	24	1,394
Sales of market hogs	27,820	–
Total	62,386	75,434

During the six months ended 30 June 2021, the Group's largest single customer contributed 22.47% of the Group's revenue (six months ended 30 June 2020: 1.33%); while the percentage of the Group's top 5 customers' revenue was 31.40% (six months ended 30 June 2020: 2.21%).

During the six months ended 30 June 2021, the Group's largest single cooperation third party that referring customers to the Group has referred customers' revenue of 37.71% (six months ended 30 June 2020: 63.70%) of the Group's revenue; while the percentage of the Group's top 5 cooperation third parties that referring customers to the Group have referred customers' revenue was 58.47% (six months ended 30 June 2020: 96.52%).

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

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

- Financial services: providing guarantee service, factoring service, financial leasing service and consulting service in the People's Republic of China (the "PRC").
- Pig selling: start with year 2020, the Group acquired Yangmianshan Company Limited ("Yangmianshan") to diversify the business of the Group. The main business of Yangmianshan is sales of market hogs in the PRC.

(i) *Segment results, assets and liabilities*

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

Segment assets include all tangible, intangible assets, interests in associates, investments in financial assets, deferred tax assets, inventory and biological assets. Segment liabilities include liabilities from guarantees, pledged deposits received, interest-bearing borrowings, liability component of convertible bonds, accruals and other payables, current tax and lease liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit includes the Group's share of profit arising from the activities of the Group's associates.

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Disaggregation of revenue by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource assessment of segment performance for the period ended 30 June 2021 is set out below:

	Financial services	Pig selling	Total
	Six months ended 30 June		
	2021 RMB' 000	2021 RMB' 000	2021 RMB' 000
Disaggregated by timing of revenue recognition			
Over time:			
Guarantee income	121,585	–	121,585
Inter-segment revenue	(248)	–	(248)
Less: guarantee service fee	(76,938)	–	(76,938)
Net guarantee fee income	44,399	–	44,399
Interest income	–	–	–
Less: interest expenses	(7,802)	(2,055)	(9,857)
Net interest expenses	(7,802)	(2,055)	(9,857)
Service fee from consulting services	24	–	24
Point in time:			
Sales of market hogs	–	27,820	27,820
Reportable segment revenue	36,621	25,765	62,386

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Financial services Pig selling Total		
	Six months ended 30 June		
	2021 RMB' 000	2021 RMB' 000	2021 RMB' 000
Other revenue	3,520	500	4,020
Cost of market hogs sold	–	(11,631)	(11,631)
Impairment and provision charged	5,063	–	5,063
Operating expenses	(22,704)	(3,577)	(26,281)
Inter-segment operating expenses	–	165	165
Research and development costs	(931)	–	(931)
Net changes in fair value of biological assets	–	(17,731)	(17,731)
Share of gains of associates	(1,103)	–	(1,103)
Reportable segment profit/(loss) before taxation	20,466	(6,509)	13,957
Income tax	(8,987)	–	(8,987)
Reportable segment profit/(loss) for the period	11,479	(6,509)	4,970
Reportable segment assets	839,186	181,064	1,020,250
Reportable segment liabilities	401,576	169,670	571,246

For the six months ended 30 June 2020 the business is only Financial services.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reportable segment assets and liabilities

	Financial services		Pig selling		Total	
	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Assets						
Reportable segment assets	839,186	992,011	181,064	133,930	1,020,250	1,125,941
Interests in associates	24,379	25,482	–	–	24,379	25,482
Deferred tax assets	37,933	47,451	–	–	37,933	47,451
Consolidated total assets	901,498	1,064,944	181,064	133,930	1,082,562	1,198,874

	Financial services		Pig selling		Total	
	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Liabilities						
Reportable segment liabilities	401,576	584,005	169,670	115,862	571,246	699,867
Elimination of deferred income	113	196	–	–	113	196
Current tax liabilities	15,817	18,908	–	–	15,817	18,908
Consolidated total liabilities	417,506	603,109	169,670	115,862	587,176	718,971

(iii) Geographic information

The reportable segments do not separate by geographic information as major segments business are located in the PRC.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE

	Note	Six months ended 30 June	
		2021 RMB' 000	2020 RMB'000
Interest income from bank deposits		3,500	7,123
Government grants	(a)	503	58
Others		17	11
Total		4,020	7,192

- (a) For the six months ended 30 June 2021, Yangmianshan received funding support of RMB500,000 from Heshan Municipal Bureau of Finance. The government grant was derived from the “Governmental Livestock and Poultry Manure Resource Utilization Project for Entire City Promotion” of the Heshan City and recognised as income when received.

For the six months ended 30 June 2020, a government grant amounted to RMB58,000 was rewarded to Guangdong Success Finance Guarantee Company Limited (“Success Guarantee”). Success Guarantee received funding support mainly from Foshan Municipal Bureau of Finance. The entitlement of the government grants was under the discretion of the relevant government bureaus. The government grants were provided to the Group for its support to small and medium enterprises. The grants were unconditional and were therefore recognised as income when received.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Impairment and provision – charged/(written back)

	Note	Six months ended 30 June	
		2021 RMB' 000	2020 RMB'000
Provision charged/(written back) for guarantees issued	21(a)	(4,201)	10,032
Impairment allowances charged/(written back) for:			
– receivables from guarantee payments	10(a)(ii)	(35)	5,877
– factoring receivables	11(b)	(254)	4,167
– finance lease receivables	12(b)	(573)	1,005
– trade and other receivables		–	550
Total		(5,063)	21,631

(b) Staff costs

	Six months ended 30 June	
	2021 RMB' 000	2020 RMB'000
Salaries, wages and other benefits	11,861	11,378
Contributions to defined contribution retirement plan	363	172
Equity settled share-based payment expenses	2,033	3,338
Total	14,257	14,888

Pursuant to the relevant labour rules and regulations in the PRC, the PRC subsidiaries participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the local authority whereby the PRC subsidiaries are required to make contributions to the Schemes based on certain percentages of the eligible employees’ salaries. The local government authority is responsible for the entire pension obligations payable to the retired employees.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT/(LOSS) BEFORE TAXATION *(continued)*

(b) Staff costs *(continued)*

The Group has no other material obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

On 18 May 2020, the Group granted 31,755,400 share options to directors and key personnel. These options will be exercisable at HKD0.84 per share and mature within 10 years.

(c) Other items

	Six months ended 30 June	
	2021 RMB' 000	2020 RMB' 000
Depreciation charge	828	688
– right-of-use assets	734	491
– owned equipment	94	197
Amortisation	3	73
Operating lease charges in respect of leasing of properties	123	102
Auditors' remuneration	1,764	1,285
– review services	1,433	830
– other services	331	455
Net foreign exchange loss	(143)	3,340

The operating lease charges above are exempted from HKFRS 16 since the remaining lease term ends within 12 months.

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6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current tax		
Provision for PRC income tax for the period	–	(30,856)
Tax filing differences	531	5,915
Deferred tax		
Origination and reversal of temporary differences	(9,518)	10,190
Total	(8,987)	(14,751)

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

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Profit/(loss) before taxation	13,957	(2,713)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable in the jurisdictions concerned	(3,489)	678
Tax effect of unused tax losses not recognised	(5,940)	(20,632)
Tax effect of non-deductible expenses	(89)	(712)
Tax filing differences	531	5,915
Actual tax expense	(8,987)	(14,751)

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*

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

(continued)

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands, respectively.
- (ii) No provision for Hong Kong Profits Tax has been made for the Company and the subsidiaries located in Hong Kong as the Company and the subsidiaries had not derived any income subject to Hong Kong Profits Tax during the period.
- (iii) According to the PRC Corporate Income Tax (“CIT”) Law that took effect on 1 January 2008, the Group’s PRC subsidiaries are subject to PRC income tax at the statutory tax rate of 25%.

Pursuant to the article 27 of Law of the People’s Republic of China on Enterprise Income Tax (No. 63 Order of the President of the People’s Republic of China), Yangmianshan is entitled to full income tax exemptions on its animal husbandry business.

- (iv) Pursuant to the CIT Law and its related regulations, non-PRC-resident enterprises are levied withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from PRC enterprises for profits earned since 1 January 2008. Distributions of earnings generated prior to 1 January 2008 are exempt from such withholding tax. As a part of the continuing evaluation of the Group’s dividend policy, management considered that for the purpose of business development, the undistributed losses from 1 January 2008 of the PRC subsidiaries amounted to RMB275,066,000 as at 30 June 2021 (31 December 2020: RMB289,023,000) will not be distributed in the foreseeable future. As such, no deferred tax liabilities were recognised in respect of the PRC withholding tax.

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7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB8,195,000 (loss for six months ended 30 June 2020: RMB17,994,000) and the weighted average of 532,441,000 ordinary shares (six months ended 30 June 2020: 524,635,000 ordinary shares) in issue during the period, calculated as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2021 '000	2020 '000
Issued ordinary shares at 1 January	524,635	524,635
Effect of convertible bonds transferred to shares	7,806	–
Weighted average number of ordinary shares at 30 June	532,441	524,635

(b) Diluted earnings per share

The calculation of diluted earning per share for the six months ended 30 June 2021 does not assume the exercise of the Company's share options as the effect is anti-dilutive.

The Group has convertible bonds as dilutive potential ordinary shares during the six months ended 30 June 2021.

As the Group's convertible bonds have an anti-dilutive effect to the basic earnings per share calculation for the six months ended 30 June 2021, and, therefore, diluted earnings per share are the same as the basic earnings per share.

Notes to the Unaudited Interim Financial Report

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8 CASH AND CASH EQUIVALENTS

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Demand deposits and term deposits with banks with original maturity less than three months	38,907	86,463
Bank deposit with original maturity over three months	22,270	20,000
Restricted customer pledged deposits	61	61
Restricted third-party pledged deposits	178,457	239,757
Other restricted funds	4,593	7,705
Cash in hand	83	119
Cash and bank deposits in the consolidated statement of financial position	244,371	354,105
Bank deposit with original maturity over three months	(22,270)	(20,000)
Restricted customer pledged deposits	(61)	(61)
Restricted third-party pledged deposits	(178,457)	(239,757)
Other restricted funds	(4,593)	(7,705)
Cash and cash equivalents in the consolidated cash flow statement	38,990	86,582

As at 30 June, the restricted pledged deposits received were maintained as follows:

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Restricted third-party pledged deposits	178,457	239,757
Restricted customer pledged deposits:		
– designated custodian bank accounts	56	56
– the Group's bank accounts	5	5
Total	178,518	239,818

Notes to the Unaudited Interim Financial Report

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9 PLEDGED BANK DEPOSITS

Pledged bank deposits represent the deposits pledged to banks for the financial guarantees that the Group provides to the customers for their borrowings from banks.

10 TRADE AND OTHER RECEIVABLES

	<i>Note</i>	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Receivables from guarantee payments	(a)(i)	138,776	137,233
Less: allowances for doubtful debts	(a)(ii)	(134,171)	(134,171)
		4,605	3,062
Trade debtors from consultancy services		819	819
Trade debtors from guarantees		1,571	1,621
		2,390	2,440
Trade receivables	(a)	6,995	5,502
Down payments for investments net of impairment allowances	(b)	–	–
Deposit and other receivables, net of impairment allowances	(c)	47,429	44,740
Amounts due from related parties	31(b)	1,750	1,750
		56,174	51,992
Deferred expenses of online financial guarantee business		135,226	190,131
Prepayments to online financial guarantees		4,027	19,663
Prepayments for constructions		15,999	19,469
Prepayments to third parties		83,035	17,498
Mortgage assets		2,927	3,017
Others		572	572
Total		297,960	302,342

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Aging analysis of trade receivables

As of the end of the reporting period, the aging analysis of trade receivables (net of allowances for doubtful debts), based on the guarantee income recognition date or advance payment date, is as follows:

	<i>Note</i>	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Within 1 month		300	451
Over 1 month but less than 3 months		1,543	–
Over 3 months but less than 1 year		451	3,162
More than 1 year		138,872	136,060
Total		141,166	139,673
Less: allowances for doubtful debts	(ii)	(134,171)	(134,171)
Total		6,995	5,502

(i) Receivables from guarantee payments

Receivables from guarantee payments represented payments made by the Group to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurred because the customers fail to make payments when due in accordance with the terms of the corresponding debt instruments. Receivables from guarantee payments were interest-bearing and the Group holds certain collaterals over certain customers.

During the six months ended 30 June 2021, the Group did not dispose of receivables from guarantee payments.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Aging analysis of trade receivables *(continued)*

(ii) Trade receivables that are impaired

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly.

At 30 June 2021, the Group's debtors of RMB134,171,000 (31 December 2020: RMB139,673,000) of receivables from guarantee payments were determined to be stage 3 lifetime ECL credit-impaired, see note 10(a). These related to customers or other parties that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered. Consequently, allowances for the doubtful debts were recognised as follows:

	2021
	Lifetime ECL credit- impaired RMB'000
As at 31 December 2020	134,171
Reversal	(35)
Reversal of written-off	35
As at 30 June 2021	134,171
	2020
	Lifetime ECL credit- impaired RMB'000
As at 31 December 2019	181,617
Impairment allowances	66,185
Reversal	(40)
Written-off	(113,591)
As at 31 December 2020	134,171

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(b) Down payments for investments, net of impairment allowances

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Down payments for investments	81,550	81,550
Less: allowances	(81,550)	(81,550)
Total	–	–

Aging analysis

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
More than 1 year	81,550	81,550
Less: allowances	(81,550)	(81,550)
Total	–	–

Down payments for investments represented the down payments for the acquisition project that the Group is conducting. At 30 June 2021, the Group's debtors had impairment allowances of RMB81,550,000 of down payments for investments (31 December 2020: RMB81,550,000). These related to customers or other parties that were in financial difficulties and management assessed that the receivables are not expected to be fully recovered. Down payments for investments were determined to be stage 3 lifetime ECL credit-impaired.

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(Expressed in Renminbi unless otherwise indicated)

10 TRADE AND OTHER RECEIVABLES *(continued)*

(c) Deposit and other receivables, net of impairment allowances

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Deposit and other receivables	138,762	136,073
Less: allowances for other receivables	(91,333)	(91,333)
Total	47,429	44,740
Amounts due from related parties	27,113	27,113
Less: allowances	(25,363)	(25,363)
Total	1,750	1,750

Aging analysis

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Deposit and other receivables		
Less than 1 year	7,228	14,602
More than 1 year	131,534	121,471
Total	138,762	136,073
Less: allowances	(91,333)	(91,333)
Total	47,429	44,740

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10 TRADE AND OTHER RECEIVABLES *(continued)*

(c) Deposit and other receivables, net of impairment allowances *(continued)*

Aging analysis *(continued)*

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Amounts due from related parties		
Less than 1 year	–	1,750
More than 1 year	27,113	25,363
Total	27,113	27,113
Less: allowances	(25,363)	(25,363)
Total	1,750	1,750

	2021 Lifetime ECL credit- impaired RMB' 000
As at 31 December 2020	(91,333)
Net re-measurement of loss allowance	–
As at 30 June 2021	(91,333)

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10 TRADE AND OTHER RECEIVABLES *(continued)*

(c) Deposit and other receivables, net of impairment allowances *(continued)*

	2020
	Lifetime ECL credit- impaired RMB'000
As at 31 December 2019	(68,361)
Net re-measurement of loss allowance	(22,972)
As at 31 December 2020	(91,333)

As at 30 June 2021, management adopted a lifetime ECL credit impaired assessment on the Group's debtor's amounting to RMB91,333,000 for which a full impairment allowance had been provided.

11 FACTORING RECEIVABLES

	Note	At 30 June 2021		
		12-month ECL RMB' 000	Lifetime ECL credit- impaired RMB' 000	Total RMB' 000
Factoring receivables		54,729	26,950	81,679
Interest receivable from factoring receivables		2,172	4,986	7,158
Less: allowances for factoring receivables	(a)/(b)	(2,393)	(31,936)	(34,329)
Carrying amount of factoring receivables		54,508	–	54,508

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 FACTORING RECEIVABLES *(continued)*

	Note	At 31 December 2020		Total RMB'000
		12-month ECL RMB'000	Lifetime ECL credit- impaired RMB'000	
Factoring receivables		56,559	26,950	83,509
Interest receivable from factoring receivables		2,172	4,986	7,158
Less: allowances for factoring receivables	(a)/(b)	(2,647)	(31,936)	(34,583)
Carrying amount of factoring receivables		56,084	–	56,084

(a) Aging analysis

As of the end of the reporting period, the aging analysis of factoring receivables, based on the maturity date in contracts, is as follows:

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Within 1 month	–	277
Over 1 month but less than 3 months	–	517
Over 3 months but less than 1 year	794	37,937
More than 1 year	88,043	51,936
Total	88,837	90,667
Less: allowances for factoring receivables	(34,329)	(34,583)
Total	54,508	56,084

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

11 FACTORING RECEIVABLES *(continued)*

(b) Impairment of factoring receivables

Impairment losses in respect of factoring receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly.

Consequently, an allowance of impairment losses for factoring receivables during the period/year was recognised as follows:

	2021		
	12-month ECL RMB' 000	Lifetime ECL credit- impaired RMB' 000	Total RMB' 000
Balance at 31 December 2020 and 1 January 2021	2,647	31,936	34,583
Net re-measurement of loss allowance	(254)	–	(254)
Balance at 30 June 2021	2,393	31,936	34,329

	2020		
	12-month ECL RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Balance at 31 December 2019 and 1 January 2020	1,577	27,912	29,489
Net re-measurement of loss allowance	1,070	4,024	5,094
Balance at 31 December 2020	2,647	31,936	34,583

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12 FINANCE LEASE RECEIVABLES

	Note	At 30 June 2021		
		12-month ECL RMB' 000	Lifetime ECL credit- impaired RMB' 000	Total RMB' 000
Net amount of finance lease receivables		46,351	144,568	190,919
Less: allowances for finance lease receivables	(a)/(b)	(4,199)	(144,568)	(148,767)
Carrying amount of finance lease receivables		42,152	–	42,152

	Note	At 31 December 2020		
		12-month ECL RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Net amount of finance lease receivables		46,351	144,568	190,919
Less: allowances for finance lease receivables	(a)/(b)	(4,772)	(144,568)	(149,340)
Carrying amount of finance lease receivables		41,579	–	41,579

(a) The table below analyses the Group's finance lease receivables by relevant maturity grouping at the end of the reporting period:

	At 30 June 2021		At 31 December 2020	
	Present value of the minimum lease payments RMB' 000	Total minimum lease payments RMB' 000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Overdue	160,948	160,948	144,568	144,568
Within 1 year	29,971	30,470	46,351	50,892
Total	190,919	191,418	190,919	195,460
Less: allowances for finance lease receivables	(148,767)	(148,767)	(149,340)	(149,340)
Net investment in finance lease receivables	42,152	42,651	41,579	46,120

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12 FINANCE LEASE RECEIVABLES (continued)

(b) Impairment allowances charged for finance lease receivables

	2021		
	12-month ECL RMB' 000	Lifetime ECL credit- impaired RMB' 000	Total RMB' 000
Balance at 31 December 2020 and 1 January 2021	4,772	144,568	149,340
Net re-measurement of loss allowance	(573)	–	(573)
Balance at 30 June 2021	4,199	144,568	148,767

	2020		
	12-month ECL RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Balance at 31 December 2019 and 1 January 2020	1,483	144,568	146,051
Net re-measurement of loss allowance	3,289	–	3,289
Balance at 31 December 2020	4,772	144,568	149,340

(c) An analysis of the overdue finance lease receivables is as follows:

	At 30 June 2021				At 31 December 2020			
	Overdue within 3 months RMB' 000	Overdue over 3 months but within 1 year RMB' 000	Over 1 year RMB' 000	Total RMB' 000	Overdue within 3 months RMB'000	Overdue over 3 months but within 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
Finance lease receivables	16,370	10	144,568	160,948	–	–	144,568	144,568

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13 INVESTMENTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries of the Group.

Name of company	Place of incorporation and kind of legal entity	Date of incorporation	Fully paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Double Chance Developments Limited ("Double Chance")	BVI Ltd	8 February 2012	1 share of USD1 each	100%	100%	-	Investment holding
Yes Success Limited ("Yes Success")	BVI Ltd	3 June 2015	1 share of USD1 each	100%	100%	-	Investment holding
China Success Capital Limited ("Success Capital")	BVI Ltd	29 June 2016	1 share of USD1 each	100%	100%	-	Investment holding
China Success Finance Holdings Limited ("Success Finance")	Hong Kong Ltd	18 November 2011	10,000 shares of HKD1 each	100%	-	100%	Investment holding
China Success Capital (HK) Limited ("Success Capital (HK)")	Hong Kong Ltd	1 August 2016	-	100%	-	100%	Provision of asset management and merger services outside the PRC
Guangdong Success Asset Management Company Limited ("Success Asset")	The PRC Ltd	23 June 2004	RMB170,270,000	99.27%	-	99.27%	Provision of asset management and financial consultancy services in the PRC
Guangdong Success Finance Guarantee Company Limited ("Success Guarantee")	The PRC Ltd	26 December 1996	RMB430,000,000	99.27%	-	100%	Provision of financial guarantee services in the PRC
Shenzhen Success Financial Leasing Company Limited ("Success Financial Leasing")	The PRC Ltd	6 June 2014	USD28,000,000	100%	-	100%	Provision of financial leasing services in the PRC
Shenzhen Success Equity Investment Fund Management Limited ("Success Equity Fund")	The PRC Ltd	6 September 2014	RMB15,000,000	100%	-	100%	Equity investment in the PRC

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13 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and kind of legal entity	Date of incorporation	Fully paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Foshan Success Cloud Technology Company Limited ("Success Cloud")	The PRC Ltd	9 January 2019	RMB1,000,000	69.49%	–	70%	Provision of cloud technology development services in the PRC
Shenzhen Success Number One Equity Investment Fund Limited Partnership ("Success Fund")	The PRC LLP	14 January 2015	RMB194,000,000	100%	–	100%	Equity investment in the PRC
Shenzhen Qianhai Success Housing Wealth Management Company Limited ("Qianhai Success Housing")	The PRC Ltd	8 July 2015	RMB61,000,000	100%	–	100%	Provision of real estate financial services in the PRC
Foshan Success Financial Services Outsourcing Limited ("Success Financial Services")	The PRC Ltd	15 October 2015	RMB30,126,000	60%	–	60%	Provision of real estate financial services in the PRC
Guangzhou Hengyue Number Six Investment Limited Partnership ("Hengyue Number Six")	The PRC LLP	23 February 2017	RMB45,070,027	99.34%	–	100%	Equity investment in the PRC
T. M. Management Limited ("T. M. Management")	Hong Kong Ltd	4 March 1986	HKD100,000	100%	–	100%	Provision of portfolio management services such as stocks, funds, bonds and so on outside the PRC
Yangmianshan Company Limited (Note 1)	The PRC Ltd	15 December 2017	RMB3,000,000	51%	0%	51%	Provision of agricultural development services in the PRC

Note 1: On 21 January 2020, Success Financial Leasing invested RMB1,530,000 in Yangmianshan, holding 51% of shares. The remaining 49% shares were held by Guangdong Huahuang Investment Co., Ltd. Yangmianshan focuses on the biological breeding industry.

Note 2: On 21 February 2020, Foshan government approved the cancellation of Foshan Guangda Asset Management Co., Ltd..

Note 3: On 4 April 2020, Foshan government approved the cancellation of Foshan Success Technologies Co., Ltd..

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14 INTERESTS IN ASSOCIATES

The following list contains the particulars of the associates, which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and operation	Fully paid-up capital by all investors	Proportion of ownership interest		
				Group's effective interest	Held by a subsidiary	Principal activity
Foshan Chancheng Success Micro Credit Co., Ltd. ("Success Credit") 佛山市禪城集成小額貸款有限公司* (「集成貸款」)	Incorporated	The PRC	RMB250,000,000	27.08%	27.28%	Micro credit financing
Guangzhou Hengsheng Fund Management Co., Ltd. ("Guangzhou Hengsheng") 廣州恆晟基金管理有限公司* (「恆晟基金」)	Incorporated	The PRC	RMB23,900,000	40% (note 1)	40%	Equity fund management
Guangzhou Rongdacheng Information Technology Service Co., Ltd. ("Guangzhou Rongdacheng") 廣州融達成信息技術服務有限公司* (「廣州融達成」)	Incorporated	The PRC	RMB8,000,000	30% (note 2)	30%	Information technology
Kelly Integration (Guangdong) Holding Co., Ltd (Original name "Guangzhou Success Capital") 凱利集成(廣東)控股有限公司*(原名「廣州集成資本」)	Incorporated	The PRC	RMB4,000,000	30% (note 4)	30%	Business Service

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

Note 1: Together with two entities, Success Fund established Guangzhou Hengsheng on 23 November 2015. Success Fund had fully paid up its subscribed capital of RMB20,000,000, which accounted for 40% of the total subscribed capital. In 2017, Xizang Xuekunfushen Investment Co., Ltd. (西藏雪坤富神投資有限公司), one of its shareholders, has paid up RMB3,900,000 of its subscribed capital.

Note 2: Together with two entities and two individuals, Success Fund established Guangzhou Rongdacheng on 20 July 2016. Success Fund had fully paid up its subscribed capital of RMB3,000,000, which accounted for 30% of the total subscribed capital.

Note 3: Together with two entities, Success Fund established Foshan Fozhiying Industrial Investment Co., Ltd. on 25 August 2016. Success Fund had subscribed capital of RMB2,400,000, which accounted for 30% of the total subscribed capital. Foshan Fozhiying Industrial Investment Co., Ltd has been cancelled on 8 April 2019.

Note 4: Together with three entities, Qianhai Success Housing established Guangzhou Success Capital on 24 July 2019. Qianhai Success Housing had paid RMB4,000,000, which is half of its subscribed capital, and Qianhai Success Housing accounted for 30% of the total subscribed capital.

Note 5: The management made full impairment of interest in Success Credit in the year 2020.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

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15 BIOLOGICAL ASSETS

	Current biological assets Market hogs	Non-current biological assets Breeding stock	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2021 (audited)	28,399	–	28,399
Increase due to purchasing/raising	851	11,740	12,591
Decrease due to sales/disposal	(11,684)	(546)	(12,230)
Changes in fair value less costs to sell	(17,566)	(165)	(17,731)
At 30 June 2021 (unaudited)	–	11,029	11,029

(i) Non-current biological assets

Non-current biological assets represent hogs of required qualities that are selected as breeding stock held for own use, including sows held for the production of piglets for sale and/or further raising to become market hogs. Since there was no active market for breeding stock at specific age, the replacement cost approach has been adopted. Market prices for different species of sows have been obtained as a basis for the replacement cost and adjusted for the reduction/consumption of economic useful life by applying the respective metrics to estimate the fair value of breeding stock in different species.

Non-current biological assets may transfer to current biological assets, when the stocks held for own use are sold or will be sold as market hogs.

(ii) Current biological assets

Current biological assets include market hogs which are raised for sale. Market prices were adopted for market hogs as there were active markets for the market hogs.

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15 BIOLOGICAL ASSETS *(continued)*

(iii) The quantities of hogs owned by the Group at the end of the reporting period are as follows:

	At 30 June 2021 (Heads)	At 31 December 2020 (Heads)
Current biological assets		
– Market hogs	–	5,950
Non-current biological assets		
– Breeding stock	1,998	–

(iv) Fair value measurement of biological assets

Fair value hierarchy

The inputs used in the valuation technique as follows:

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

The fair value measurements of biological assets fall into level 3 of the fair value hierarchy.

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period and in which they occur.

All of the Group's biological assets were revalued as at 30 June 2021. The valuations were carried out by an independent and qualified valuer, Guangdong Zhongguangxin Asset Appraisal Co., Ltd. (the "Valuer"). The Group's chief financial officer had discussion with the Valuer on the valuation assumptions and valuation results when the valuation was performed at the end of the reporting period.

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15 BIOLOGICAL ASSETS *(continued)*

(iv) Fair value measurement of biological assets *(continued)*

Fair value hierarchy *(continued)*

Information about Level 3 fair value measurement:

	Significant unobservable inputs	At 30 June 2021	At 31 December 2020
Current biological assets – Market hogs	Market price	Not applicable	RMB36.5 per kilogram
Non-current biological assets – Breeding stock	Replacement cost	RMB4,925 to RMB5,586 per head	Not applicable

A significant increase/decrease in the estimated market price and replacement cost of market hogs and breeding stock held for own use in isolation would result in a significant increase/decrease in the fair value of the biological assets.

The estimated fair value of market hogs and breeding stock held for own use increases/decreases as a result of an increase/decrease in the market price and replacement cost. As at 30 June 2021, if replacement cost of breeding stock held for own use increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by RMB1,103,000.

The changes in fair value of biological assets are presented in “Net changes in fair value of biological assets” in the consolidated statements of profit or loss and other comprehensive income.

16 INVENTORIES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Raw materials	837	–

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17 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Pig farm RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in Progress RMB'000	Total equipment RMB'000
Cost					
At 1 January 2020	–	4,141	2,111	–	6,252
Additions	–	–	598	85,705	86,303
Disposals	–	–	(530)	–	(530)
Exchange adjustments	–	(86)	(2)	–	(88)
At 31 December 2020 and 1 January 2021	–	4,055	2,177	85,705	91,937
Additions	9,009	9	353	53,277	62,648
Transfer from construction in progress to fixed assets	11,688	–	–	(11,688)	–
Disposals	–	–	–	–	–
Exchange adjustments	–	(15)	(19)	–	(34)
At 30 June 2021	20,697	4,049	2,511	127,294	154,551
Accumulated depreciation					
At 1 January 2020	–	(3,657)	(1,752)	–	(5,409)
Charge for the year	–	(244)	(105)	–	(349)
Written back on disposal	–	–	497	–	497
Exchange adjustments	–	57	1	–	58
At 31 December 2020 and 1 January 2021	–	(3,844)	(1,359)	–	(5,203)
Charge for the period	(259)	(84)	(56)	–	(399)
Written back on disposal	–	–	–	–	–
Exchange adjustments	–	13	19	–	32
At 30 June 2021	(259)	(3,915)	(1,396)	–	(5,570)
Net book value					
At 30 June 2021	20,438	134	1,115	127,294	148,981
At 31 December 2020	–	211	818	85,705	86,734

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17 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Included in "Property, plant and equipment"		
Other properties leased for own use, carried at depreciated cost	23,277	19,715

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Other properties leased for own use	(3,152)	(2,700)
Net book value	20,125	17,015

During the six months ended 30 June 2021, additions to right-of-use assets were RMB3,562,000 (six months ended 30 June 2020: RMB3,646,000). This addition is mainly due to right-of-use assets of forest land leased by Yangmianshan.

As disclosed in note 2, the group has early adopted the Amendment to HKFRS 16, *Leases, Covid-19-related rent concessions beyond 30 June 2021*, and applies the practical expedient to all eligible rent concessions received by the group during the period.

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18 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Financial assets measured at FVPL		
– Unlisted equity investment	62,427	62,427
– Repurchase option	32	32
– Conversion option embedded in convertible bonds	1,605	1,728
Total	64,064	64,187

At 30 June 2021, the carrying amount of equity investment was RMB62,427,000 (31 December 2020: RMB62,427,000), 3.5% of the value of Shengshi Junen Enterprise Management Company Limited (“Shengshi Junen Enterprise Management”) and 12.9% of the value of Guangdong Mupai Technology Company Limited (“Guangdong Mupai”).

19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	<i>Note</i>	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
At 1 January		18,908	21,305
Provision for PRC income tax for the period/year	6(a)	(531)	(373)
PRC income tax paid		(2,560)	(2,024)
At 30 June/31 December		15,817	18,908

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19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(b) Deferred tax assets and liabilities recognised

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

	Deferred income	Provision of financial guarantee losses	Impairment allowances for trade and other receivables	Accrued expenses	Share of profit of an associate	Government grants	Interest receivables	Long-term unamortised expenses	Fair value change gains and losses	Re-guarantee fee	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	123,530	-	51,981	1,674	-	-	(585)	(106,362)	(5,055)	(56)	65,127
Credited/(charged) to profit or loss	(59,233)	-	(18,438)	(328)	-	-	(307)	58,826	1,804	-	(17,676)
At 31 December 2020 and 1 January 2021	64,297	-	33,543	1,346	-	-	(892)	(47,536)	(3,251)	(56)	47,451
Credited/(charged) to profit or loss	(22,137)	-	-	(563)	-	-	(544)	13,726	-	-	(9,518)
At 30 June 2021	42,160	-	33,543	783	-	-	(1,436)	(33,810)	(3,251)	(56)	37,933

(c) Reconciliation to the consolidated statement of financial position

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	37,933	47,451

(d) Deferred tax assets not recognised

The Group has not recognised deferred tax assets of RMB89,407,000 (31 December 2020: RMB92,351,000) in respect of cumulative tax losses of RMB RMB374,633,000 (31 December 2020: RMB389,789,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The remaining unused tax losses were mainly from Success Financial Leasing (RMB128,690,000), Success Guarantee (RMB85,851,000), Success Equity Fund (RMB52,787,000) and will expire in five years under current tax legislation.

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19 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

(e) Deferred tax liabilities not recognised

At 30 June 2021, temporary differences relating to the undistributed profits of the PRC subsidiaries amounted to RMB275,066,000 (31 December 2020: RMB289,023,000). Deferred tax liabilities of RMB27,507,000 (31 December 2020: RMB28,902,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that these profits will not be distributed in the foreseeable future (note 6(b)(iv)).

20 GOODWILL

On 14 February 2018, the Group acquired 100% ordinary shares of T. M. Management Limited, which is licensed to carry out business of Type 9 Regulated activities as defined in the Securities and Futures Ordinance. The total consideration of the transaction was HKD6,897,000 which was paid in cash, of which HKD1,290,000 has been prepaid as at 31 December 2017. This has resulted in a goodwill arising on a business combination amounted to HKD6,500,000. Since T.M. Management conduct no business activities until 31 December 2019, the Group has charged full impairment for the goodwill of T.M. Management.

21 LIABILITIES FROM GUARANTEES

	<i>Note</i>	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Deferred income		166,808	256,988
Provision of guarantee losses	(a)	12,119	16,320
Total		178,927	273,308

(a) Provision of guarantee losses

	<i>Note</i>	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
At 1 January		16,320	10,111
Charged/(written back) for the period/year	5(a)	(4,201)	6,209
At 30 June/31 December		12,119	16,320

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22 PLEDGED DEPOSITS RECEIVED

Pledged deposits received represent deposits received from customers or third parties as collateral security for the online financial guarantees issued by the Group. These deposits will be refunded to the customers or third parties upon expiry of the corresponding guarantee contracts. According to the contract, these deposits are expected to be settled within one year.

23 INTEREST-BEARING BORROWINGS

	Note	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Bank borrowings	(a)	105,000	50,000
– Within 1 year or on demand		32,000	50,000
– After 1 year but within 2 years		8,000	–
– After 2 years but within 5 years		65,000	–
Total		105,000	50,000

(a) Bank borrowings

As at 30 June 2021, a short-term interest-bearing loan of RMB30,000,000 were repayable within one year and secured, which bears an interest rate of 4.40%. The bank borrowings were secured by the Group's bank deposits of RMB39,600,000.

On 17 May 2021, the Group borrowed an unsecured long-term interest-bearing loan of RMB75,000,000, which bears an interest rate of 5.58% with repayment arrangement of RMB2,000,000 per quarter from 21 June 2022 to 21 December 2024, RMB3,000,000 per quarter from 21 March 2025 to 21 December 2028, and remaining amount of RMB5,000,000 on 21 March 2029. As at 30 June 2021, the current portion of the long-term loan is RMB2,000,000.

As at 30 June 2021, banking facilities of the Group totaling RMB135,000,000 (31 December 2020: RMB60,000,000) were utilised to the extent of RMB105,000,000 (31 December 2020: RMB50,000,000).

No covenants relating to the Group or the subsidiary's financial ratios were required by the bank as of 30 June 2021.

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24 LIABILITY COMPONENT OF CONVERTIBLE BONDS

The movements of components of the CBs and the New CBs during the period are set out below:

	Liability component RMB'000	Equity component RMB'000
At 1 January 2019	110,640	29,695
Interest charge	602	–
Net increase in interest payable	(245)	–
Net increase in administrative fee paid in advance	(41)	–
Exchange adjustment	2,068	–
At 11 January 2019 before modification	113,024	29,695
Derecognition of the CBs	(113,024)	(29,695)
Recognition of the New CBs upon modification	59,878	12,596
Interest charge	11,277	–
Net increase in interest payable	(1,873)	–
Net increase in administrative fee paid in advance	(11)	–
Interest paid	(2,505)	–
Administrative fee paid	(752)	–
Exchange adjustment	757	–
At 31 December 2019 and 1 January 2020	66,771	12,596
Conversion during the year	(7,129)	(1,500)
Interest charge	13,817	–
Net increase in interest payable	(4,186)	–
Net increase in administrative fee paid in advance	(737)	–
Interest paid	(2,541)	–
Administrative fee paid	(840)	–
Exchange adjustment	(5,140)	–
At 31 December 2020	60,015	11,096
Conversion during the period	(7,128)	(1,500)
Interest charge	4,644	–
Net decrease in interest payable	(2,088)	–
Net increase in administrative fee paid in advance	(264)	–
Interest paid	(1,731)	–
Administrative fee paid	(533)	–
Exchange adjustment	672	–
At 30 June 2021	53,587	9,596

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24 LIABILITY COMPONENT OF CONVERTIBLE BONDS *(continued)*

Pursuant to the subscription agreement of the bond, there are financial covenants that the Group's total net assets should be not less than RMB800,000,000 without taking into account the effect on the net assets caused by a change of fair value for the bond and the Group's gearing ratio, as defined in the subscription agreement, should not be more than 40 percent. As at 30 June 2021, the Group's total net assets was less than RMB800,000,000 and the Group's gearing ratio is higher than 40 percent. Accordingly, the bond is subject to the bond Purchaser's right of repayment on demand. Up to the date of approval of these financial statements, the Group has not received any demand notice from Purchaser of the bond for immediate repayment.

The Group is conducting capital management arrangements to manage the Group's liquidity needs and to improve the Group's financial position which include, but are not limited to, the following:

- the Group has repaid the Note payables including interest amounted of HKD21,326,000 and HKD21,870,000, as per the repayment schedule of the Note payables in February 2020 and May 2020, respectively.
- Mr. Zhang Tiewei, the chairman and executive director, would continue to provide personal guarantee and continue to deposit no less than 110,000,000 shares of Group in the Zhang Tiewei's account set up under the bond Purchaser's for the bond; and
- the Group is negotiating with the bond's Purchaser for renewal of the financial covenants clauses, exemption from the previous year's continuous profitability and financial covenants requirements for the Group and extension of the subscription agreement of the bond. The renewed agreement is still under processing by lawyers up to the date of these financial statements.

25 ACCRUALS AND OTHER PAYABLES

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Accruals and other payables	41,232	65,393

- (i) Accruals and other payables are expected to be settled within one year or time dependent but both of them are repayable on demand.

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26 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

	At 30 June 2021		At 31 December 2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000
Within 1 year	1,128	1,804	1,055	1,640
After 1 year but within 2 years	1,198	1,856	984	1,511
After 2 years but within 5 years	1,934	3,453	2,213	3,524
After 5 years	9,835	16,731	7,277	12,232
	12,967	22,040	10,474	17,267
	14,095	23,844	11,529	18,907
Less: total future interest expenses		(9,749)		(7,378)
Present value of lease liabilities		14,095		11,529

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27 EQUITY SETTLED SHARE-BASED TRANSACTIONS

On 6 November 2013, the Group granted the share options (the “Pre-IPO Share Options”), it granted one director and 49 employees in the Group to subscribe for ordinary shares of the Group at HKD1.90 each. Each option gives the holder the right to subscribe for one ordinary share in the Group and is settled gross in shares.

On 18 May 2020, the Group granted the share options (the “Post-IPO Share Options”). Upon acceptance by the relevant grantees, it has been granted 31,755,400 share options to subscribe for 31,755,400 ordinary shares of the Company at HKD0.84 each. Among 31,755,400 share options, 3,600,000 share options have been granted to directors of the board of directors, 3,155,400 share options have been granted to core employees of the Group, and 25,000,000 share options have been granted to employees of the Group with specific performance targets for incentives. These options will be exercisable at HKD0.84 per share and mature within 10 years.

(a) The terms and conditions of the grants are as follows:

Date granted	Vesting date	Expiry date	Number of share options granted			Contractual life of options
			Director	Employees	Total	
18 May 2020	18 May 2020	17 May 2030	3,600,000	3,155,400	6,755,400	10 years
	31 March 2021	17 May 2030	-	6,250,000	6,250,000	10 years
	31 March 2022	17 May 2030	-	8,750,000	8,750,000	10 years
	31 March 2023	17 May 2030	-	10,000,000	10,000,000	10 years
			3,600,000	28,155,400	31,755,400	
6 November 2013	30 June 2014	5 November 2023	500,000	4,500,000	5,000,000	10 years
	30 June 2016	5 November 2023	300,000	2,700,000	3,000,000	10 years
	30 June 2018	5 November 2023	200,000	1,800,000	2,000,000	10 years
			1,000,000	9,000,000	10,000,000	

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27 EQUITY SETTLED SHARE-BASED TRANSACTIONS *(continued)*

(c) Fair value of share options and assumptions:

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value and assumptions of share options granted on 18 May 2020

Fair value (weighted average) per share option at measurement date	HKD0.42
Share price	HKD0.84
Exercise price	HKD0.84
Expected volatility rate	52%
Option life	10 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	0.55%

Fair value and assumptions of share options granted on 6 November 2013

Fair value (weighted average) per share option at measurement date	HKD1.60
Share price	HKD2.68
Exercise price	HKD1.90
Expected volatility rate	65%
Option life	10 years
Expected dividends	0%
Risk-free interest rate (based on Exchange Fund Notes)	1.87%

The expected volatility is based on the historic volatilities of the share prices of the comparable companies in recent years around the date of valuation. Changes in the subjective input assumptions could materially affect the fair value estimate.

The risk-free rate of interest with expected term shown above was taken to be the linearly interpolated yields of the Hong Kong Exchange Fund Notes as at the grant date.

The exercise of the share options needs to meet the service parts, but this condition is not required to be considered when calculating the fair value on the grant date.

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28 SHARE CAPITAL AND RESERVES

(a) Dividends

The Company did not declare dividend through six months ended 30 June 2021 and the years ended 31 December 2020. Thus, there is no balance for dividend payable at 30 June 2021.

(b) Share capital

(i) Authorised and issued share capital

	At 30 June 2021			At 31 December 2020		
	No. of shares '000	Share capital HKD'000	Share capital RMB'000	No. of shares '000	Share capital HKD'000	Share capital RMB'000
Authorised:						
Ordinary shares of HKD0.01 each	800,000	8,000	6,512	800,000	8,000	6,512
Ordinary shares, issued and fully paid:						
At 1 January	533,809	5,338	4,266	524,635	5,246	4,187
Convertible bonds convert to share capital&exercise share option	9,204	92	77	9,174	92	79
At 30 June/31 December	543,013	5,430	4,343	533,809	5,338	4,266

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

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

(c) Share premium

Under the Companies Law of the Cayman Islands, the funds in the Company's share premium account are distributable to the shareholders provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

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28 SHARE CAPITAL AND RESERVES *(continued)*

(d) Capital reserve

The capital reserve comprises the following:

- the difference between the nominal value of share capital of the Company and the paid-up capital of Success Guarantee, plus the net assets acquired from the inserting companies (holding companies of Success Guarantee, including the Company, Double Chance, Success Finance and Success Asset) pursuant to a group reorganisation completed on 17 September 2012;
- the portion of the grant date fair value of unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payment;
- the amount allocated to the unexercised equity component of convertible notes issued by the Company recognised in accordance with the accounting policy adopted for convertible notes.
- the waiver of debts from related parties in 2013.
- Contribution from shareholder: the difference between the acquisition price and the fair value of Guangdong Mupai's equity (see note 18).
- On 18 May 2020, the Group granted 31,755,400 share options to directors and key personnel. Amortization of the share options in the current period form the amounts.

(e) Surplus reserve

Surplus reserve comprises statutory surplus reserve and discretionary surplus reserve.

The entities established in the PRC are required to appropriate 10% of its net profit, as determined under the China Accounting Standards for Business Enterprises (2006) and other relevant regulations issued by the Ministry of Finance of the PRC ("MOF"), to the statutory surplus reserve until the balance reaches 50% of the registered capital.

Subject to the approval of equity holders of the entities established in the PRC, statutory surplus reserves may be used to net off with accumulated losses, if any, and may be converted into capital, provided that the balance of statutory surplus reserve after such capitalisation is not less than 25% of the registered capital.

After making the appropriation to the statutory surplus reserve, the Group may also appropriate its net profit to the discretionary surplus reserve upon approval by shareholders. Subject to the approval of shareholders, discretionary surplus reserves may be used to make good previous years' losses, if any, and may be converted into capital.

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28 SHARE CAPITAL AND RESERVES *(continued)*

(f) Regulatory reserve

According to the Interim Measures for the Administration of Financial Guarantee Companies (“Interim Measures”) issued at 8 March 2010 by the relevant government authorities in the PRC, financial guarantee companies shall establish unearned premium reserve equal to 50% of guarantee premium recognised during the year, and indemnification reserve of no less than 1% of the outstanding guarantee balances undertaken by the entities established in the PRC. The Group started to accrue the required amounts set by relevant government authorities less the provision of financial guarantee losses as regulatory reserve from 2011. According to the details implementation guidance No. 149 issued by the People’s Government of Guangdong Province on the Interim Measures, the use of the aforementioned regulatory reserve is subject to further guidance from the Financial Work Office of People’s Government of Guangdong Province.

(g) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB.

(h) Distributability of reserves

At 30 June 2021, the aggregate amounts of reserves available for distribution to equity shareholders of the Company was RMB394,928,000 (31 December 2020: RMB382,372,000).

The directors had not proposed any dividends distribution for the six months ended 30 June 2021 and the years ended 31 December 2020.

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities measured at fair value

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

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

As at 30 June 2021, the Group's held other financial assets, which were measured at FVPL (note 18), with fair value measurement categorised into level 3.

Information about Level 3 fair value measurements

The fair values of unlisted equity investment and wealth management product are determined using the latest transaction price.

The fair value of conversion option embedded in convertible bonds is determined using Binomial Model. The valuation was carried by an independent qualified valuer. The Group's management has discussed with the valuer about the valuation assumptions and results.

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

(i) Financial assets and liabilities measured at fair value *(continued)*

Information about Level 3 fair value measurements *(continued)*

The movement during the period/year in the balance of Level 3 fair value measurements is as follows:

	At 30 June 2021 RMB' 000	At 31 December 2020 RMB'000
Other financial assets		
At 1 January	64,187	43,753
Conversion option embedded in convertible bonds	–	1,728
Repurchase option	–	32
Exchange adjustment	(123)	–
Changes in fair value recognised in profit or loss during the period/year	–	18,674
At 30 June/31 December	64,064	64,187

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2021 and as at 31 December 2020.

The following summarises the major methods and assumptions used in estimating the fair value of financial instruments.

(i) **Trade and other receivables, factoring receivable and finance lease receivable**

Trade and other receivables, factoring receivable and finance lease receivable are initially recognised at fair value and thereafter stated at amortised cost less allowances for impairment of doubtful debts. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date.

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29 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(continued)*

(ii) Fair values of financial assets and liabilities carried at other than fair value *(continued)*

(ii) Guarantees issued

The fair value of guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(iii) Interest rates used for determining fair value

The market interest rates adopted for determining the fair value of trade and other receivables are ranging from 2.43% to 2.95% as at 30 June 2021 (2020: 2.44% to 2.88%).

30 COMMITMENTS

Capital commitments outstanding at 30 June 2021 not provided for in the interim financial report:

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Contracted for	8,094	27,806

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

31 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties transactions

	Six months ended 30 June	
	2021 RMB' 000	2020 RMB' 000
Services fee expense	(800)	(107)
Entrusted collection and payment	–	456
Total	(800)	349

(b) Balances with other related parties

At the end of the reporting period, the Group had the following balances with related parties:

Amounts due from related parties

	Note	At 30 June 2021 RMB' 000	At 31 December 2020 RMB' 000
Success Credit	(i)	–	–
Success Data		1,750	1,750
Total		1,750	1,750

- (i) On 20 March 2014, the shareholders of Success Credit approved to make a dividend with an amount of RMB15,000,000 to its shareholders. Success Guarantee was entitled to receive the dividend with an amount of RMB2,730,000. On 30 June 2021, the balance on borrowings from Success Guarantee to Success Credit is RMB23,210,000, which includes a principal of RMB20,480,000 and the dividend of RMB2,730,000. Based on the operating condition of Success Credit, impairment has been made for both dividend and interest receivables.

Other Information

DIVIDENDS

The Board has resolved not to declare an interim dividend by the Company for the six months period ended 30 June 2021.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

INTEREST IN THE SHARES OF THE COMPANY

Name of Director	Nature of Interests	Notes	Number of Shares Held	Number of Underlying Shares	Total Interests (Long Position)	Approximate Percentage of Shareholding ^(Note 8)
Mr. Zhang Tiewei	Beneficial interest, interests held jointly with other persons and interests of a controlled corporation	1,2,9	255,838,000	400,000	256,238,000	47.19%
Mr. Xu Kaiying	Interests held jointly with other persons and interests of a controlled corporation	3,4,9	255,838,000	400,000	256,238,000	47.19%
Mr. Pang Haoquan	Interests held jointly with other persons and interests of a controlled corporation	5,6,9	255,838,000	400,000	256,238,000	47.19%
Mr. Li Bin	Beneficial interest	7	–	1,400,000	1,400,000	0.26%
Ms. Dai Jing	Beneficial interest	7	–	1,300,000	1,300,000	0.24%
Mr. Tsang Hung Kei	Beneficial interest	7	–	400,000	400,000	0.07%
Mr. Au Tien Chee Arthur	Beneficial interest	7	–	400,000	400,000	0.07%
Mr. Xu Yan	Beneficial interest	7	–	400,000	400,000	0.07%
Mr. Zhou Xiaojiang	Beneficial interest	7	–	400,000	400,000	0.07%

Notes:

1. Mr. Zhang Tiewei directly held 1,638,000 shares and indirectly held 120,650,000 shares through Expert Depot Limited. Expert Depot Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Zhang Tiewei, our Chairman and an executive Director. He was also deemed to be interested in 133,550,000 shares via the concert confirmation dated 31 May 2015 by virtue of the SFO.
2. Mr. Zhang Tiewei's interest under the equity derivatives represents the holding of 400,000 share options.
3. Mr. Xu Kaiying indirectly held 63,750,000 shares through Bliss Success Investments Limited. Bliss Success Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Xu Kaiying, an executive Director. He was also deemed to be interested in 192,088,000 shares via the concert confirmation dated 31 May 2015 by virtue of the SFO.
4. Mr. Xu Kaiying's interest under the equity derivatives represents the holding of 400,000 share options.
5. Mr. Pang Haoquan indirectly held 54,000,000 shares through Novel Heritage Limited. Novel Heritage Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Pang Haoquan, an executive Director. He was also deemed to be interested in 201,838,000 shares via the concert confirmation dated 31 May 2015 by virtue of the SFO.
6. Mr. Pang Haoquan's interest under the equity derivatives represents the holding of 400,000 share options.
7. The Company granted 1,000,000 and 900,000 options under the Pre-IPO Share Option Scheme to Mr. Li Bin and Ms. Dai Jing on 6 November 2013. On 18 May 2020, the Company granted 400,000 share options each person under the Post-IPO Share Option Scheme to all the directors of the Board. Except for the then non-executive director Mr. He Darong, the other directors all accepted the share options granted by the Company. None of the aforementioned Pre-IPO and Post-IPO share options granted was exercised or cancelled during the six months period ended 30 June 2021.
8. Calculated with reference to the number of issued Shares (543,013,624) as at 30 June 2021.
9. Pursuant to an acting in concert confirmation dated 31 May 2015, Mr. Zhang Tiewei, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Chen Guoxian confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. Hence, Mr. Zhang Tiewei, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Chen Guoxian are deemed to be interested in all the Shares held by them in aggregate by virtue of the SFO.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company or their respective associates had any interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO); or were required pursuant to Section 352 of the SFO to be entered in the register referred to therein; or were required pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

Other Information

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Name of director	Date of grant	Exercise Period (subject to vesting period)	Exercise price per share HKD	Exercised during the period	Number of shares subject to outstanding options as at 30 June 2021	Approximate percentage of our Company's issued capital
Zhang Tiewei	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Li Bin	6 November 2013	30 June 2014 – 5 November 2023	1.9	Nil	1,000,000	0.18%
	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Dai Jing	6 November 2013	30 June 2014 – 5 November 2023	1.9	Nil	900,000	0.17%
	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Xu Kaiying	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Pang Haoquan	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Tsang Hung Kei	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Au Tien Chee Arthur	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Xu Yan	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%
Zhou Xiaojiang	18 May 2020	18 May 2020 – 17 May 2030	0.84	Nil	400,000	0.07%

Save as disclosed above, at no time during the six-month period ended 30 June 2021 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of Shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such right during the reporting period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as is known to the Directors or chief executives of the Company, the following persons other than a Director or chief executive of the Company had an interest or a short position in the Shares and underlying Shares which were required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Name of Shareholder	Nature of Interests	Notes	Number of Shares Held	Equity Derivatives	Total Interests (Long Position)	Approximate Percentage of Shareholding <i>(Note 7)</i>
Expert Depot Limited	Beneficial Interest	1,6	120,650,000	–	120,650,000	22.22%
Bliss Success Investments Limited	Beneficial Interest	2,6	63,750,000	–	63,750,000	11.74%
Novel Heritage Limited	Beneficial Interest	3,6	54,000,000	–	54,000,000	9.94%
Insider Solution Limited	Beneficial Interest	4,6	15,000,000	–	15,000,000	2.76%
New Maestro Investments Limited	Beneficial Interest	5	45,000,000	–	45,000,000	8.29%
Chance Talent Management Limited	Beneficial Interest	8	6,174,312	58,715,576	64,889,888	11.95%

Notes:

- Expert Depot Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Zhang Tiewei, our Chairman and an executive Director.
- Bliss Success Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Xu Kaiying, an executive Director.
- Novel Heritage Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Pang Haoquan, an executive Director.
- Insider Solution Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. Chen Guoxian.
- New Maestro Investments Limited is a company incorporated in the BVI whose entire issued share capital is held by Mr. He Darong.
- Pursuant to an acting in concert confirmation dated 31 May 2015, Mr. Zhang Tiewei, Mr. Xu Kaiying, Mr. Pang Haoquan and Mr. Chen Guoxian confirmed they have been acting in concert, in exercising and implementing the management and operation of the Group with each other and reached consensus before making any commercial decisions (including financial decisions and business operation decisions) on an unanimous basis. They are deemed to be interested in 256,238,000 Shares, representing approximately 47.19% of the total issued share capital of the Company as at 30 June 2021 by virtue of the SFO.
- Calculated with reference to the number of issued Shares (543,013,624) as at 30 June 2021.

Other Information

8. On 1 February 2018, the Company issued convertible bonds in an aggregate principal amount of HK\$154 million to Chance Talent Management Limited (“**Chance Talent Management**”).

Upon repayment by the Company of principal amount of HK\$70,000,000, HK\$20,000,000 out of the outstanding convertible bond principal amount of HK\$84,000,000 was converted on 10 November 2020 and 28 January 2021 into a total of 18,348,624 shares at the Conversion Price of HK\$1.09 per share. The remaining convertible bond principal amount stands at HK\$64,000,000.00.

Assuming full conversion of the remaining convertible bond balance at the conversion price of HK\$1.09 per share, 58,715,576 shares (“**Convertible Shares**”) shall be converted, issued and allotted to Chance Talent Management. In this regard, Chance Talent Management is deemed to be interested in these Convertible Shares under the SFO.

Save as disclosed above, as at 30 June 2021, the Directors are not aware of any other person (other than the Directors or chief executive of the Company) who has the interests or short positions in any Shares or underlying Shares of the Company which would be required to be disclosed to the Company pursuant to Part XV of the SFO.

SHARE OPTION SCHEME

Our Company maintains two share option schemes, namely the Pre-IPO share option scheme (the “**Pre-IPO Share Option Scheme**”) and the Post-IPO share option scheme (the “**Post-IPO Share Option Scheme**”, together with the Pre-IPO Share Option Scheme, the “**Share Option Schemes**”) for the purpose of recognising the contribution of the employees of our Group and retaining them for the continual operation and development of our Group. Both schemes were adopted pursuant to a written resolution of all the shareholders of our Company passed on 18 October 2013 (the “**Adoption Date**”).

Under the Share Option Schemes, our Board may, at its discretion, offer any employee (including any executive Directors) of our Group, options to subscribe for shares in our Company subject to the terms and conditions stipulated in the Share Option Schemes.

The Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to enable our Company to grant options to the participants as incentive or rewards for their contributions to our Group.

The total number of shares subject to the options under the Pre-IPO Share Option Scheme is 10,000,000 Shares, which shall vest to the relevant option holder in tranches in the following manner:

- (i) 50% of the options shall vest and become exercisable on 30 June 2014;
- (ii) 30% of the options shall vest and become exercisable on 30 June 2016; and
- (iii) 20% of the options shall vest and become exercisable on 30 June 2018.

On 6 November 2013, our Company granted 10,000,000 options under the Pre-IPO Share Option Scheme. The provisions of the Pre-IPO Share Option Scheme shall in all other respects remain in force and effect and options which are granted during the life on the Pre-IPO Share Option Scheme may continue to exercise in accordance with the respective terms of issue. No options granted under the Pre-IPO Share Option Scheme had been exercised or cancelled and 15,000 share options were lapsed by the grantees during the six months period ended 30 June 2021.

As at 30 June 2021, there were still 6,458,000 outstanding share options under the Pre-IPO share option scheme.

Other Information

During the six-month period ended 30 June 2021, the movements of the options which have been granted under the Pre-IPO Share Option Scheme are set out below:

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2021	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2021
Category 1 – Director							
Li Bin	6 November 2013 – 30 June 2014 –	30 June 2014 – 5 November 2023	500,000	–	–	–	500,000
	6 November 2013 – 30 June 2016 –	30 June 2016 – 5 November 2023	300,000	–	–	–	300,000
	6 November 2013 – 30 June 2018 –	30 June 2018 – 5 November 2023	200,000	–	–	–	200,000
Dai Jing	6 November 2013 – 30 June 2014 –	30 June 2014 – 5 November 2023	450,000	–	–	–	450,000
	6 November 2013 – 30 June 2016 –	30 June 2016 – 5 November 2023	270,000	–	–	–	270,000
	6 November 2013 – 30 June 2018 –	30 June 2018 – 5 November 2023	180,000	–	–	–	180,000
Sub-Total			1,900,000	–	–	–	1,900,000
Category 2 – Employees under continuous employment contract							
	6 November 2013 – 30 June 2014 –	30 June 2014 – 5 November 2023	2,173,000	–	–	–	2,173,000
	6 November 2013 – 30 June 2016 –	30 June 2016 – 5 November 2023	1,440,000	–	(9,000)	–	1,431,000
	6 November 2013 – 30 June 2018 –	30 June 2018 – 5 November 2023	960,000	–	(6,000)	–	954,000
Sub-Total			4,573,000	–	(15,000)	–	4,558,000
Total			6,473,000	–	(15,000)	–	6,458,000

Notes:

1. The date of grant of the options is 6 November 2013.
2. The options have an exercise price of HK\$1.90.

Other Information

The Post-IPO Share Option Scheme

The purpose of the Post-IPO Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

The aggregate number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the shares in issue from time to time.

The maximum number of shares issuable upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the Post-IPO Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the shares in issue upon the Listing Date (i.e. 414,044,000 shares after over-allotment option has been exercised). The limit of 10% may be refreshed at any time by approval of the shareholders of our Company in general meeting provided that the total number of the shares which may be issued upon exercise of all options to be granted under the Post-IPO Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the shares in issue as at the date of approval of the refreshed limit.

On 18 May 2020 (the “**Date of Grant**”), the Company has granted 32,155,400 share options at an exercise price of HK\$0.84 per share under the Post-IPO share option scheme adopted by the Company on 18 October 2013. Of 32,155,400 share options, 4,000,000 share options have been granted to all the directors of the Board (Except for the then non-executive director Mr. He Darong, the other directors all accepted the share options granted by the Company), 3,155,400 share options have been granted to the core employees of the Group, and 25,000,000 share options have been granted to the employees of the Group who have been set specific performance targets as an incentive.

For all the directors and core employees, the share options granted to them may be vested in a lump sum from the Date of Grant and may be exercised at any time before the expiration of the 10-year period from the Date of Grant (the “**Share Option Period**”).

For the employees with performance assessment, the share options granted to them may be exercised only after the employees with performance assessment have achieved the specific performance targets relating to the Group. The Performance Targets have been determined by the Board and set out in the respective grant letter of each Grantee. Unless the Performance Targets are met, the share options granted to the employees with performance assessment will lapse.

Other Information

The share options may be exercised by the employees with performance assessment during the Share Option Period based on the following exercise schedule.

1. firstly exercising up to 25% of the share options at any time from 31 March 2021 till the expiration of the Share Option Period;
2. further exercising up to 35% of the share options at any time from 31 March 2022 till the expiration of the Share Option Period; and
3. in respect of the remaining 40% of the share options, which, for the avoidance of doubt, comprise those share options which have not been exercised (and not lapsed) since 31 March 2021, at any time from 31 March 2023 till the end of the Share Option Period.

During the six months period ended 30 June 2021, 30,000 share options granted under the Post-IPO share option scheme were exercised and none of the Post-IPO share options have been cancelled or lapsed.

As at 30 June 2021, there were still 31,725,400 outstanding share options under by the grantees.

During the six-month period ended 30 June 2021, the movements of the options which have been granted under the Post-IPO Share Option Scheme are set out below:

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2021	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2021
Category 1 – Director							
Zhang Tiewei	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Li Bin	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Dai Jing	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Xu Kaiying	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Pang Haoquan	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Tsang Hung Kei	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Au Tien Chee Arthur	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Xu Yan	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Zhou Xiaojiang	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	400,000	–	–	–	400,000
Sub-Total			3,600,000	–	–	–	3,600,000

Other Information

Category and name of participants	Vesting period	Exercise period	Outstanding as at 1 January 2021	Exercised during the period	Lapsed during the period	Cancelled during the period	Balance as at 30 June 2021
Category 2 – Employees under continuous employment contract							
	18 May 2020 – 17 May 2030	18 May 2020 – 17 May 2030	3,155,400	(30,000)	–	–	3,125,400
Sub-Total			3,155,400	(30,000)	–	–	3,125,400
Category 3 – Employees with performance evaluation							
	31 March 2021 – 17 May 2030	31 March 2021 – 17 May 2030	6,250,000	–	–	–	6,250,000
	31 March 2022 – 17 May 2030	31 March 2022 – 17 May 2030	8,750,000	–	–	–	8,750,000
	31 March 2023 – 17 May 2030	31 March 2023 – 17 May 2030	10,000,000	–	–	–	10,000,000
Sub-Total			25,000,000	–	–	–	25,000,000
Total			31,755,400	(30,000)	–	–	31,725,400

Notes:

- The date of grant of the options is 18 May 2020.
- The options have an exercise price of HK\$0.84.
- The average closing price of the shares for the five business days immediately before the Date of Grant is HK\$0.816 per share.

Refreshment of the Post-IPO Share Option Scheme Mandate Limit

The limit on the grant of share options under the Post-IPO Share Option Scheme was refreshed with approval of the shareholders of the Company in general meeting held on 27 May 2021 from 41,404,400 shares to 54,301,362 shares, being 10% of the total number of issued shares of the Company as at the date of the general meeting.

Together with a total of 38,183,400 outstanding share options as at 30 June 2021, including 6,458,000 new shares that may be issued under the Pre-IPO Share Option Scheme and 31,725,400 new shares that may be issued under the Post-IPO Share Option Scheme, representing approximately 7.03% of the total number of issued shares, the Company will be allowed to allot and issue a maximum of 92,484,762 shares (representing approximately 17.03% of the issued shares as at 30 June 2021) upon the exercise of such share options which may be/have been granted by the Company under the Post-IPO Share Option Scheme (with the refreshed Share Option Scheme Limit), which will not exceed the overall limit of 30% of the shares in issue from time to time.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has adopted and complied with the code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) for the six months period ended 30 June 2021.

In respect of code provision A.6.7 of the CG Code, all directors including Non-executive and Independent Non-executive Directors participated in the annual general meeting held on 27 May 2021. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

CHANGES IN DIRECTORS' INFORMATION

Mr. He Darong retired as non-executive director of the Company with effect from the conclusion of the annual general meeting held on 27 May 2021. Currently the Board comprises (i) five executive directors, namely, Mr. Zhang Tiewei, Mr. Li Bin, Ms. Dai Jing, Mr. Xu Kaiying and Mr. Pang Haoquan, and (ii) four independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur, Mr. Xu Yan and Mr. Zhou Xiaojiang.

MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted Model Code as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company regarding the Directors' transactions of the listed securities of the Company.

In response to the specific enquiry made by the Company, all the Directors confirmed that they have fully complied with the required standard set out in the Model Code and there are no non-compliance with the required standard set out in the Model Code for the six months period ended 30 June 2021.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has been established since 18 October 2013 and has formulated its written terms of reference in accordance with the prevailing provisions of the CG Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of the external auditor, review the financial statements and material advice in respect of financial reporting and oversee the internal control procedures and risk management of the Company. The existing members of the Audit Committee include Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur and Mr. Xu Yan, all of whom are independent non-executive Directors. Mr. Tsang Hung Kei is the chairman of the Audit Committee.

This interim report had been reviewed by the Audit Committee.

Other Information

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Prior to the listing of shares in the share capital of our Company (“**Shares**”) on the Stock Exchange, our Company granted options to subscribe for an aggregate of 10,000,000 Shares (the “**Pre-IPO Share Options**”) pursuant to the Pre-IPO share option scheme adopted on 18 October 2013. None of the Pre-IPO Share Options granted have been exercised and the Pre-IPO Share Options to subscribe for 15,000 shares were lapsed during the six months period ended 30 June 2021. As at 30 June 2021, the Pre-IPO Share Options to subscribe for 6,458,000 Shares remained unexercised.

Save for the Pre-IPO Share Options, our Company granted options to subscribe for an aggregate of 32,155,400 Shares (the “**Post-IPO Share Options**”) pursuant to the Post-IPO share option scheme adopted on 18 October 2013. 30,000 options of the Post-IPO Share Options granted have been exercised during the six months period ended 30 June 2021 and the Post-IPO Share Options to subscribe for 400,000 shares were lapsed during this period. As at 30 June 2021, the Post-IPO Share Options to subscribe for 31,725,400 Shares remained unexercised. The limit on the grant of share options under the Post-IPO share option scheme was refreshed with approval of the shareholders of the Company in general meeting held on 27 May 2021 to 54,301,362 shares, being 10% of the total number of issued shares of the Company as at the date of the general meeting.

Further, the Company would like to provide additional information pursuant to Rule 17.09(3) of the Listing Rules on the Pre-IPO share option scheme and the Post-IPO share option scheme with reference to the annual report of the Group for the year ended 31 December 2020.

The scheme limit of the Pre-IPO share option scheme is 10,000,000 shares and as at 31 December 2020, the Company has granted the Pre-IPO Share Options and hence, no further options can be granted under the Pre-IPO share option scheme.

The limit of the Post-IPO share option scheme is 41,404,400 shares and as at 31 December 2020, the Company has granted 31,755,400 share options and hence, the total number of options available for issue under the Post-IPO share option scheme is 9,649,000 options, representing 1.81% of the issued share capital of 533,809,312 shares of the Company as at 31 December 2020.

On 28 January 2021, the Company received a conversion notice from Chance Talent Management Limited (the “**Purchaser**”), indirectly and wholly-owned by CCB International (Holdings) Limited, for the partial conversion of convertible bond in an aggregate principal amount of HK\$10,000,000 at the conversion price of HK\$1.09 per Share.

As a result of the Conversion, the Company allotted and issued a total of 9,174,312 Conversion Shares (the “**Conversion Shares**”) to the Purchaser, representing approximately 1.69% of the number of issued shares as enlarged by the allotment and issue of the Conversion Shares at the time of conversion. The Conversion Shares rank pari passu with all the existing shares as at the date of allotment and among themselves in all respects. The issued share capital of the Company has been increased to 543,013,624 shares upon allotment and issue of the Conversion Shares.

Save as disclosed above, during the six months period ended 30 June 2021, neither our Company nor any of its subsidiaries has purchased, sold or redeemed any of our Company’s listed securities.

ISSUANCE OF CONVERTIBLE BONDS ON 1 FEBRUARY 2018

Pursuant to the terms and conditions of the convertible bond, the convertible bond matured on 31 January 2021. A principal amount of HK\$64,000,000 together with all accrued and unpaid interests remains payable by the Company to the purchaser in accordance with the terms to be mutually agreed by the parties. The Company has been in discussion with the purchaser regarding terms of the convertible bond and both parties have no intention to take any further action until discussions on the new terms is completed. For details of the convertible bond, please refer to the announcements of the Company dated 25 January 2018, 1 February 2018, 27 December 2018, 31 December 2018, 11 January 2019, 13 November 2020, 28 January 2021 and 29 January 2021.

COMPETITION AND CONFLICT OF INTERESTS

Except for the interests in the Group, none of the Directors, controlling shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the period under review.

PUBLIC FLOAT

The Company has maintained the public float as required by the HK Listing Rules up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the reporting period, there was no material acquisition or disposal of subsidiaries, associates and joint ventures undertaken by the Group.

Other Information

CHARGES ON GROUP ASSETS

On 6 May 2021, in order for Yangmianshan to secure bank financing of RMB105 million (“**Yangmianshan Bank Loan**”), Success Financial Leasing, the majority shareholder of Yangmianshan, had pledged all of its 51% of equity interest in Yangmianshan to the bank and provided an irrevocable and joint liability guarantee for all debts up to RMB53.55 million owed to the bank by Yangmianshan, equaling to 51% of the Yangmianshan Bank Loan.

EVENTS AFTER THE REPORTING PERIOD

There were no material subsequent events undertaken by the Company or by the Group after 30 June 2021 and up to the date of this report.

PUBLICATION OF THE INTERIM REPORT

The interim report of the Company for the six months period ended 30 June 2021 containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the website of the Company (<http://www.chinasuccessfinance.com>) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

APPRECIATION

The Board would like to express sincere gratitude to the management of the Group and all the staff for their continued support and contributions. The Board also takes this opportunity to thank its loyal shareholders, investors, customers, business partners and associates, bankers and auditors for their continued faith in the prospects of the Group.

By order of the Board
China Success Finance Group Holdings Limited
ZHANG Tiewei
Chairman

Hong Kong, 30 August 2021

As at the date of this report, the Board comprises (i) five executive directors, namely, Mr. Zhang Tiewei, Mr. Li Bin, Ms. Dai Jing, Mr. Xu Kaiying and Mr. Pang Haoquan, and (ii) four independent non-executive directors, namely, Mr. Tsang Hung Kei, Mr. Au Tien Chee Arthur, Mr. Xu Yan and Mr. Zhou Xiaojiang.