



Wealthy Way Group Limited

富道集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 3848

2021 Interim
Report



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Corporate Information

COMPANY NAME

Wealthy Way Group Limited

STOCK CODE

03848

BOARD OF DIRECTORS

Executive Directors

Mr. LO Wai Ho (*Chairman*)
Ms. CHAN Shuk Kwan Winnie
(Resigned on 1 August 2021)
Mr. XIE Weiquan

Independent Non-Executive Directors

Mr. HA Tak Kong
Mr. IP Chi Wai
Mr. KAM Wai Man

AUDIT COMMITTEE

Mr. HA Tak Kong (*Chairman*)
Mr. IP Chi Wai
Mr. KAM Wai Man

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

COMPANY SECRETARY

Ms. FOK Chau Tung

REGISTERED OFFICE

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

WEALTHY WAY GROUP LIMITED

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY WEBSITE

<http://www.cwl.com>

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

China Exim Bank
No. 30, FuXingMen Nei Street
Xi Cheng District
Beijing
PRC

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

Guangdong Huaxing Bank
No. 533, Tian He Street
Tian He District, Guangzhou
Guangdong Province
PRC

Management Discussion and Analysis

The board (the “Board”) of directors (the “Directors”) of Wealthy Way Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020 as follows:

BUSINESS OVERVIEW

The macro environment in the PRC was still subject to many uncertainties in the first half of 2021. The outbreak of the COVID-19 (“COVID-19”) pandemic continued to have an impact on the global and Chinese economies. In China, the economy continued to be hit hard by sporadic COVID-19 cases, hence it is still in the process of adjustment and recovery.

In the said reporting period, revenue of the Group was mainly derived from financial leasing interest income, factoring service income, loan facilitation service income, loan interest income and advisory services income, interest income from margin financing, and commission and brokerage income which accounted for approximately RMB6.7 million, RMB2.8 million, RMB9.3 million, RMB33.5 million, RMB1.3 million, RMB0.5 million and RMB0.9 million of the total revenue of the Group, respectively.

In the first half of 2021, the Company adjusted its business strategy in response to the economic environment and the impact brought about by the COVID-19 pandemic. In relation to its financial leasing and factoring business, due to the significant impact of the pandemic on the air transport industry, the Company reduced its financial cost by terminating its cooperation with Grand China Air Co., Ltd* (大新華航空有限公司) (“GCA”), and repaying the relevant bank loans. In relation to business investment, the Company invested more resources on customer expansion and cultivation by making SMEs in Shenzhen, Dongguan and other locations its target customers. The Company is also constantly adjusting relevant human resources based on the changes of the market environment, such that the optimized allocation of resources can allow us to enhance our operational efficiency. Our leasing and factoring business is in the process of adjustment, hence there may be a significant decline in the relevant business revenue. In relation to our small loan business, the Company has successfully launched real estate products involving second mortgages in the Shenzhen market, subsequent to which the Company is gradually phasing out of the market relating to unsecured credit loans. In the first half of the year, a lot of new regulating policies were promulgated for the real estate industry. Based on the relevant policy changes, the Company will adjust business strategies in relation to our small loan business, so as to increase our share in Shenzhen’s segmented second mortgage market. The Group’s securities dealing business mainly refers to the provision of securities dealing services to customers in Hong Kong through Grand Partners Securities Limited, a wholly-owned subsidiary of the Group.

The management will continue to pay attention to the impact of relevant factors on our business operations and enhance relevant risk management measures. The provision of finance leasing, factoring and advisory services to various customers and the provision of small loans to individual customers and other small private companies will allow us to expand our customer base. The Group will also provide flexible financing services to potential customers of different sizes in various industries.

* The English name is for identification purpose only

FINANCIAL REVIEW

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

Revenue

The Group's revenue was derived from (i) interest income from financial leasing; (ii) interest income from factoring; (iii) financial leasing related advisory services income; (iv) other financial advisory services income; (v) loan facilitation service income; (vi) interest income from small loans and other loans; (vii) commission and brokerage income from security dealing; and (viii) interest income from margin financing. The Group's financial leasing services include sale-leaseback as well as direct financial leasing.

The revenue recorded a decrease by approximately RMB44.5 million, or approximately 44.5%, from approximately RMB100.0 million for the six months ended 30 June 2020 to approximately RMB55.5 million for the six months ended 30 June 2021. The decrease was mainly resulted from the slowdown of the economy in the PRC under the impact of COVID-19 resulting in less new origination of loan facilitation and contracts from our small and medium enterprises customers and the loss of revenue from one of our previous largest financial leasing customer, GCA after entering into the financial arrangement and non-recourse factoring agreement regarding their financial leasing receivables. For the six months ended 30 June 2021, the interest income from financial leasing contributed approximately RMB6.8 million with a significant drop (for the six months ended 30 June 2020: approximately RMB31.1 million). The interest income from financial leasing related factoring contributed approximately RMB3.0 million for the period ended 30 June 2021 with a drop of approximately RMB6.6 million, or approximately 68.3% (for the six months ended 30 June 2020: approximately RMB9.6 million).

The Group's advisory services mainly include financial leasing advisory services, and other financial advisory services, which contributed at aggregate of approximately RMB1.3 million for the period ended 30 June 2021 (for the six months ended 30 June 2020: approximately RMB0.3 million). Moreover, the Group continued to provide loan facilitation service which contributed approximately RMB9.3 million to the revenue for the six months ended 30 June 2021 with a drop of approximately RMB7.6 million, or approximately 44.9% (for the six months ended 30 June 2020: approximately RMB16.9 million in total) in our non-wholly owned subsidiary, Shenzhen Haosen Credit Joint Stock Limited ("Shenzhen Haosen").

The Group also derived interest income from small loans through Shenzhen Haosen, contributing at aggregate of approximately RMB32.3 million (for the six months ended 30 June 2020: approximately RMB38.8 million) and interest income from other loans of approximately RMB1.2 million (for the six months ended 30 June 2020: approximately RMB1.9 million) was contributed by our wholly owned subsidiary, Grand Partners Finance Limited, for the period ended 30 June 2021.

The Group also recorded commission and brokerage income from security dealing contributing approximately RMB0.9 million (for the six months ended 30 June 2020: approximately RMB0.5 million), while the interest income from margin financing remained similarly at approximately RMB0.5 million (for the six months ended 30 June 2020: approximately RMB0.6 million) from our wholly owned subsidiary, Grand Partners Securities Limited, for the six months ended 30 June 2021.

Other income

Other income increased by approximately RMB1.3 million or approximately 17.3%, from approximately RMB7.9 million for the six months ended 30 June 2020 to approximately RMB9.2 million for the six months ended 30 June 2021 due to the overdue income penalty and dividend income from the financial assets at FVOCI which contributed an amount of approximately RMB8.7 million.

Employee benefit expenses

Employee benefit expenses included primarily employee salaries and costs associated with other benefits. The employee benefit expenses decreased by approximately RMB5.9 million or approximately 33.1% from approximately RMB17.7 million for the six months ended 30 June 2020 to approximately RMB11.9 million for the six months ended 30 June 2021 due to the streamline of the manpower in the Group.

Other operating expenses

Other operating expenses for the six months 30 June 2021 consisted mainly of (i) building management fee of approximately RMB0.6 million; (ii) commission fee of approximately RMB5.4 million which mainly comprised of (a) commission paid for loan referral of approximately RMB1.6 million, and (b) service charge of loan collection of approximately RMB3.8 million in relation to the small loan business; (iii) entertainment expenses of approximately RMB0.9 million; (iv) legal and professional fee of approximately RMB0.9 million; and (v) sundry items of approximately RMB3.1 million.

For the six months ended 30 June 2021, the other operating expenses was approximately RMB10.9 million, representing approximately 19.6% of the Group's total revenue (for the six months ended 30 June 2020: approximately 11.9%).

Finance cost

The finance cost decreased from approximately RMB32.0 million for the six months ended 30 June 2020 to approximately RMB14.5 million for the six months ended 30 June 2021 with a decrease of approximately RMB17.5 million due to the saving of finance cost by early repayment of bank borrowings after the proceeds received from the recovery of the default airline customer, GCA through the two financial arrangements to transfer the creditor's right of GCA and a non-recourse factoring agreement to factor the creditor's rights to two independent third parties, respectively. Please refer to the Company's announcements dated 16 March 2021 and 29 March 2021 for the details of the assignment of Creditor's Rights and the Company's announcement dated 9 April 2021 for the details of the non-recourse factoring agreement.

Profit for the period attributable to the equity holders of the Company

Profit for the period increased from approximately RMB10.6 million for the six months ended 30 June 2020 to approximately RMB19.6 million for the six months ended 30 June 2021 due to the saving of finance cost after early repayment of bank loans, saving of employee benefit expenses due to the streamline of manpower and reversal of expected credit loss recognised in 2020 after recovery of a certain receivable of approximately RMB11.0 million.

Interim dividend

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

Management Discussion and Analysis (Continued)

Liquidity, financial resources and capital resources

As at 30 June 2021, the cash and cash equivalents were approximately RMB48.6 million (31 December 2020: approximately RMB118.6 million). The working capital (current assets less current liabilities) and total equity of the Group as at 30 June 2021 were approximately RMB342.0 million (31 December 2020: approximately RMB544.6 million) and approximately RMB697.8 million (31 December 2020: approximately RMB673.9 million).

As at 30 June 2021, the Group's bank borrowings with maturity within one year amounted to approximately RMB98.9 million (31 December 2020: approximately RMB420.3 million) and the Group's bank borrowings with maturity exceeding one year amounted to nil (31 December 2020: approximately RMB84.7 million). The decrease in bank borrowings was brought by the early repayment of bank borrowings.

Gearing ratio (total borrowings/total equity) as at 30 June 2021 dropped to approximately 14.2% after the early repayment of bank borrowings of approximately RMB412.8 million (31 December 2020: approximately 75.0%).

Loan and account receivables

Loan and account receivables consisted of (i) financial leasing receivables including the principal and interest of financial leasing; (ii) factoring loan receivables; (iii) small loan receivables; (iv) other loan receivables and (v) account receivables in respect of securities dealing and broking services, financial advisory and loan facilitation services. As at 30 June 2021, the loan and account receivables decreased to RMB722.2 million (31 December 2020: approximately RMB1,006.5 million) due to the results from the financial arrangements and a non-recourse factoring agreement involving the default airline customer, GCA.

A financing arrangements entered into by the Group and an independent third party that the rights, ancillary rights, titles and benefits of two financial leasing receivables with amounts outstanding as at 31 December 2020 of approximately RMB215.6 million were assigned to the Assignee at an aggregate cash consideration of approximately RMB131 million. The transaction was completed on 16 March 2021 and the consideration was fully settled on 19 March 2021. Further, the Group and another independent third party (the "Factoring Company") entered into a non-recourse factoring agreement to factor the Creditor's Rights of the remaining financial leasing receivables, with amount outstanding as at 31 December 2020 of approximately RMB197.6 million, at an indicative consideration of approximately RMB99.0 million in cash.

Capital commitments

As at 30 June 2021, the Group had capital commitments contracted in relation to the further acquisition of interest in a non-wholly owned subsidiary, Shenzhen Haosen Credit Joint Stock Limited, but not provided for in the amount of RMB77,000,000 (31 December 2020: RMB77,000,000).

Employees and remuneration policy

As at 30 June 2021, the Group employed 78 full time employees (as at 30 June 2020: 140) for its principal activities. Employees' benefits expenses (including Directors' emoluments) amounted to approximately RMB11.9 million for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB17.7 million). The Group recognizes the importance of retaining high calibre and competent staff and continues to provide remuneration packages to employees with reference to the performance of the Group, the performance of individuals and prevailing market rates. Other various benefits, such as medical and retirement benefits, are also provided. In addition, share options have been granted to eligible employees of the Group in accordance with the terms of the share option scheme adopted by the Company.

RISK MANAGEMENT

The Group's business operations are conducted in the financial leasing and micro-lending market in the PRC.

The Group has implemented a risk management system to mitigate the risks arising from its daily operations. The risk management structure of the Group consists of the risk control committee at the top, under which are (i) the risk management department; (ii) the business development department; and (iii) the accounting and finance department. Potential business opportunities are assessed by the business development department based on the potential customer's background, credit records, financial position and the underlying assets. The risk management department reviews all given information meticulously and considers relevant risk factors. Where necessary, external legal advisors may be engaged to evaluate potential legal issues. The Group's accounting and finance department also works closely with the risk management department to assist in risk assessment by providing financial and tax opinions. The risk control committee as the final decision maker has the ultimate authority to approve each project. The Group also periodically conducts post-leasing and post-loan management on the customers and monitors both financial leasing receivables and loan receivables to review the ongoing risk exposure of the Group.

The Directors take both macro and micro economic conditions into account before making business decisions. Under the impact of COVID-19, the Group has taken closer monitoring to assess risks of existing customers to respond to the fast changing market. Moreover, given the recent volatility in the economy and financial market of the PRC, the Group has been more prudent in the selection of high-quality customers. The Group will continue to raise its risk management standards with better allocation of resources and fine-tuning its operational process, such as the introduction of credit assessment and approval procedures, to enhance the customer selection process.

In addition, the Group intends to improve the information technology system to assist in the collection of information with better accuracy and the review of the financial and operational status of the customers with better efficiency. The Group will also continue to expand the risk management team to handle the additional work arising from our expanding business operations, and allocate sufficient manpower to maintain an appropriate risk reward balance.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities of guarantees (31 December 2020: Nil).

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

During the six months ended 30 June 2021, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

SHARE OPTION SCHEME

On 19 June 2017, the Company conditionally approved and adopted the share option scheme (the "Share Option Scheme") in accordance with the provision of Chapter 17 of the Listing Rules. The purpose of the Share Option Scheme is to enable the Company to grant options to the employee, advisor, consultant, service provider, agent, customer, partner or joint venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group (the "Participants") as incentive or reward for their contribution to the Group to subscribe for the Shares thereby linking their interest with that of the Group. On and subject to the terms of the Share Option Scheme and the requirements of the Listing Rules (in particular as to grant of options to Directors, chief executives and substantial shareholders of the Company or their respective associates), the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to make an offer for the grant of an option to any participant as the Board may determine. The number of Shares which may be issued pursuant to the exercise of the options to be granted under the Share Option Scheme is 15,552,300 shares of the Company in total, after the refreshment of the share option scheme mandate limit up to 10% of the issued shares of the Company approved at the annual general meeting on 26 June 2020.

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

On 24 April 2019, under the Share Option Scheme, 10,075,000 share options to subscribe for an aggregate of 10,075,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the Share Option Scheme with validity periods of the options vary from (i) 24 April 2019 to 23 April 2022; (ii) 24 April 2019 to 23 April 2020; (iii) 24 April 2020 to 23 April 2021; and (iv) 24 April 2021 to 23 April 2022, and exercise price of HK\$7.00. For options granted on 24 April 2019, there were no options exercised, 540,000 options lapsed and no options forfeited during the six months ended 30 June 2021 and there were 1,567,000 options outstanding as at 30 June 2021.

Management Discussion and Analysis (Continued)

On 22 January 2020, under the Share Option Scheme, 10,200,000 share options to subscribe for an aggregate of 10,200,000 ordinary shares of HK\$0.01 each of the Company were granted to certain employees or other eligible participants under the Share Option Scheme with validity period of the options from 22 January 2020 to 21 January 2023, and exercise price of HK\$6.12. For options granted on 22 January 2020, there were 410,000 options exercised, no options lapsed and no options forfeited during the six months ended 30 June 2021 and there were 8,290,000 options outstanding as at 30 June 2021.

For options granted under the Share Option Scheme under 4 July 2018, 24 April 2019 and 22 January 2020, the exercise price in relation to each option was determined by the Board, but in any event would not be less than the highest of (i) the closing price of the Company's shares as stated in the Exchange's daily quotations sheet on the date of grant, which must be a business day; or (ii) the average of the closing prices of the Company's shares as stated in the Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; or (iii) the par value of a share of the Company. For further details of the grant of share option, please refer to the announcements of the Company published on the websites of the Company and the Stock Exchange on 4 July 2018, 24 April 2019 and 22 January 2020.

Set out below are details of the outstanding options under the Share Option Scheme as at 30 June 2021:

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the grant of share option	Number of share options				
					Outstanding as at 1.1.2021	Granted during the period ended 30.06.2021	Exercised during the period ended 30.06.2021	Lapsed during the period ended 30.06.2021	Outstanding as at 30.06.2021
Director of the Company or its subsidiary									
Xie Weiqian	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	30,000	–	–	(30,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	–	–	–	40,000
Senior Management of the Company or its subsidiary									
Shi Lei	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	30,000	–	–	(30,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	–	–	–	40,000
Xie Zhuochou	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	22,500	–	–	(22,500)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	30,000	–	–	–	30,000
Shi Yumei	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	22,500	–	–	(22,500)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	30,000	–	–	–	30,000
Wong Mun Po	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	30,000	–	–	(30,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	–	–	–	40,000

Management Discussion and Analysis (Continued)

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the grant of share option	Number of share options				
					Outstanding as at 1.1.2021	Granted during the period ended 30.06.2021	Exercised during the period ended 30.06.2021	Lapsed during the period ended 30.06.2021	Outstanding as at 30.06.2021
Other employees of the Company or its subsidiary or other eligible participants under the Share Option Scheme									
Other employees of the Company or its subsidiary									
	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	187,500	–	–	(187,500)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	250,000	–	–	–	250,000
	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	6,200,000	–	(410,000)	–	5,790,000
Other eligible participants									
Grantee A (note 1)	24 April 2019	24 April 2019 – 23 April 2022	HK\$7.00	HK\$7.00	407,000	–	–	–	407,000
Grantee B (note 1)	24 April 2019	24 April 2019 – 23 April 2022	HK\$7.00	HK\$7.00	440,000	–	–	–	440,000
Grantee C (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee D (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee E (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee F (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee G (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee H (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	30,000	–	–	(30,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	40,000	–	–	–	40,000
Grantee I (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee J (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000

Management Discussion and Analysis (Continued)

Name of Grantee	Grant date	Exercise period	Exercise price	Closing price before the grant of share option	Number of share options				
					Outstanding as at	Granted during the period ended	Exercised during the period ended	Lapsed during the period ended	Outstanding as at
					1.1.2021	30.06.2021	30.06.2021	30.06.2021	30.06.2021
Grantee K (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	22,500	–	–	(22,500)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	30,000	–	–	–	30,000
Grantee L (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee M (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee N (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee O (note 2)	24 April 2019	24 April 2020 – 23 April 2021	HK\$7.00	HK\$7.00	15,000	–	–	(15,000)	–
	24 April 2019	24 April 2021 – 23 April 2022	HK\$7.00	HK\$7.00	20,000	–	–	–	20,000
Grantee P (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	200,000	–	–	–	200,000
Grantee Q (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	200,000	–	–	–	200,000
Grantee R (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	100,000	–	–	–	100,000
Grantee S (note 1)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	100,000	–	–	–	100,000
Grantee T (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	400,000	–	–	–	400,000
Grantee U (note 3)	22 January 2020	22 January 2020 – 21 January 2023	HK\$6.12	HK\$6.01	1,500,000	–	–	–	1,500,000
					10,807,000	–	(410,000)	(540,000)	9,857,000

Notes:

- Eligible participants represent 3 consultants who possess comprehensive knowledge and industry experience in business operation of financial leasing or factoring services and extensive business network in China. The consultants provide advisory and consultancy services to the Group, including consultancy coverage of latest business operation industry updates in financial leasing and factoring sectors and advice on the Group's business development for sourcing potential new financial leasing/factoring projects to the Group. Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of their advisory and consultancy services to the Group, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

Management Discussion and Analysis (Continued)

2. Eligible participants represent 13 consultants who possess broad business operation experience in small loan and extensive network in China. The consultants provide customers referral to the Group's small loan business. Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of referring potential customers to the Group and introducing favourable business relationships with potential customers, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.
3. Eligible participants represent 5 consultants who possess comprehensive knowledge and industry experience in business operation of small loan and financial leasing services and extensive business network especially in Shenzhen or Dongguan in China. The consultants provide advisory and consultancy services to the Group, including consultancy service and assistance in dealing with overdue customers in small loan and financial leasing sectors and advice on potential investments related to the Group's business. Share options are granted to these consultants to attract, retain and maintain ongoing business relationships with them, encouraging such eligible participants to continue to contribute positively to the Group and enabling the Group to foster a sustained/long term co-operation with such persons through their share ownership of the Group upon their exercise of options to achieve long-term growth of the Group and to recognise their contributions in terms of their advisory and consultancy services to the Group, which is expected to be beneficial to the Group and align the interests of them and shareholders of the Company.

Share Award Scheme

The Company has adopted a share award scheme on 6 November 2019 (the "Share Award Scheme") for the purposes of, amongst others, effectively recognising employee's contribution to the Group and/or providing an incentive to employee to remain with or join the Group, for participation in the Scheme as a selected employee and determine the purchase, subscription and/or allocation of awarded shares according to the terms of the Share Award Scheme. However, until so selected, no Employee shall be entitled to participate in the scheme. The Share Award Scheme became effective on the adoption date and, unless otherwise terminated or amended, will remain in force for 10 years from that date, i.e., 6 November 2029. Since the adoption of the Share Award Scheme and up to the date of this report, none of the issued Shares has been purchased or issued nor any awards have been granted under the Share Award Scheme.

EVENTS AFTER THE REPORTING PERIOD

The Group had no material event after the Reporting Period.

OUTLOOK AND PLANS

In the second half of 2021, the Group will invest more resources in the second mortgage business. By focusing our business development on the abovementioned area, we hope to expand the Company's existing customer base and increase its profitability through the product. The Company believes that, by concentrating its resources on developing and expanding the second mortgage business, we can create a greater synergic effect among different business operations.

Subsequent to the adjustments made in the first half of 2021, the Company positioned the finance leasing and factoring business as an auxiliary business at the current stage of its business development. The Company will adjust the resources invested in this business segment in accordance with the market environment and economic conditions. The Company will continue to prudently and effectively control costs and achieve business growth by engaging quality customers in a prudent manner, in order to adapt to the challenging environment. The Group will also continue to enhance its risk management capabilities and conduct business with existing and new customers in industries with growth potential.

The Directors are of the opinion that the Company should focus on enhancing its risk management capabilities in the future. By adopting more effective cost reduction measures, we can control costs reasonably and increase our profitability on the basis of utilizing our existing business strengths. We will continue to enhance the Company's financing capability, reach out to more business partners, and increase the Company's comprehensive service capabilities. Due to the fact that the Company's major customers are mainly located in China, the Company will continue to pay attention to its customers and adjust our business strategies in a flexible manner. The Directors consider that it is the Company's priority to promote digital transformation of its operations by integrating the Group's internal resources from various business departments and by making good use of the synergy created by our subsidiaries. This is also an effective way for the Company to adapt to the complex economic environment.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the rules governing the listing of securities on the Stock Exchange Hong Kong Limited ("Listing Rules"). During the six months ended 30 June 2021, the Company had complied with all code provisions in the CG Code and had adopted most of the recommend best practices set out in the CG Code.

Other Information

BOARD COMMITTEES

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

Audit Committee

The Company has an audit committee (the “Audit Committee”) which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors. The members of the Audit Committee are Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man. The Audit Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2021 with no disagreement.

Remuneration Committee

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

Nomination Committee

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the six months ended 30 June 2021, complied with the required standards set out therein.

CHANGES IN ACCOUNTING POLICIES

During the Reporting Period, except as disclosed in Note 3 to the unaudited condensed consolidated financial statements in this interim report, the Company had no other changes in accounting policies, accounting estimates or auditing method, and there was no correction of material accounting errors of previous periods.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this report, the interests or short positions in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO as defined below) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered into the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange; were as follows:

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

Name of Directors	Nature of interest	Number of shares directly and beneficially held	Percentage of the Company's issued share capital
Mr. Lo Wai Ho (Note)	Interest of controlled corporation	101,974,000	65.40%
Mr. Xie Weiquan	Personal interest	360,000	0.23%

Note: Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 101,974,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.

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

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

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

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

Name of substantial shareholders	Capacity/nature of interest	Number of Shares/ underlying Shares	Approximate percentage of the issued share
Wealthy Rise Investment Limited (Note 1)	Beneficial owner	101,974,000	65.40%
Mr. Lo Wai Ho (Note 1)	Interest in a controlled corporation	101,974,000	65.40%
Ms. Lin Yihong (Note 2)	Interest of spouse	101,974,000	65.40%

Notes:

(1) Mr. Lo Wai Ho is the beneficial owner of 100% of the issued share capital of Wealthy Rise Investment Limited. Mr. Lo Wai Ho is deemed to be interested in 101,974,000 shares of the Company held by Wealthy Rise Investment Limited under the SFO.

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

Saved as disclosed above, as at the date of this report, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

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

Hong Kong, 27 August 2021

As at the date of this report, the Board comprises Mr. Lo Wai Ho and Mr. Xie Wei-quan as executive Directors; and Mr. Ha Tak Kong, Mr. Ip Chi Wai and Mr. Kam Wai Man as independent non-executive Directors.

Unaudited Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2021

Six months ended 30 June			
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	5	55,499	100,047
Other income		9,217	7,857
Employee benefit expenses		(11,865)	(17,728)
Depreciation		(1,700)	(2,628)
Other operating expenses		(10,861)	(12,078)
Reversal of/(allowance for) expected credit losses ("ECL") on loan and account receivables, net		10,644	(23,161)
Finance cost	6	(14,513)	(31,970)
Profit before income tax	7	36,421	20,339
Income tax expense	8	(9,289)	(7,993)
Profit for the period		27,132	12,346
Profit for the period attributable to:			
Equity holders of the Company		19,646	10,617
Non-controlling interests		7,486	1,729
		27,132	12,346
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		19	1,087
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value (loss)/gain on financial assets at fair value through other comprehensive income ("FVOCI")		(3,590)	4,503
Total comprehensive income for the period, net of income tax		23,561	17,936
Total comprehensive income for the period attributable to:			
Equity holders of the Company		16,075	16,207
Non-controlling interests		7,486	1,729
		23,561	17,936
Earnings per share attributable to equity holders of the Company (RMB cents):			
Basic	10	12.63	6.83
Diluted	10	12.52	6.80

Unaudited Condensed Consolidated Statement of Financial Position

As at 30 June 2021

Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	2,299	2,855
Right-of-use assets	3,718	5,154
Intangible assets	3,303	3,309
Financial assets at FVOCI	29,606	33,196
Deposits for further acquisition of interest in a non-wholly owned subsidiary and acquisition of interest in a company	103,000	133,000
Other assets	403	400
Loan and account receivables	230,143	52,408
Prepayments, deposits and other receivables	366	435
Deferred tax assets	57,827	62,559
	430,665	293,316
Current assets		
Loan and account receivables	492,040	954,135
Prepayments, deposits and other receivables	5,558	2,799
Amounts due from related parties	4	4
Cash and cash equivalents	48,606	118,633
Tax recoverable	590	–
	546,798	1,075,571
Current liabilities		
Account payables	23,864	24,572
Deposits from financial leasing customers	10,802	3,495
Accruals and other payables	33,936	33,276
Amounts due to related parties	295	220
Lease liabilities	2,987	2,265
Dividend payable	15,581	12,927
Bond payable	18,297	33,681
Bank and other borrowings	98,992	420,340
Tax payable	–	180
	204,754	530,956
Net current assets	342,044	544,615
Total assets less current liabilities	772,709	837,931

Unaudited Condensed Consolidated Statement of Financial Position (Continued)

As at 30 June 2021

	Notes	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Non-current liabilities			
Deposits from financial leasing customers		–	4,222
Lease liability – non-current		878	3,047
Bank and other borrowings	16	–	84,736
Promissory note		74,892	72,050
		75,770	164,055
Net assets		696,939	673,876
EQUITY			
Share capital	17	1,353	1,349
Reserves		520,139	501,901
Total equity attributable to equity holders of the Company		521,492	503,250
Non-controlling interests		175,447	170,626
Total equity		696,939	673,876

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Share capital RMB'000	Proposed final dividend [#] RMB'000	Share premium [#] RMB'000	Share-based payment reserve [#] RMB'000	Exchange reserve [#] RMB'000	Other reserve [#] RMB'000	Statutory surplus reserve [#] RMB'000	FVOCI reserve [#] RMB'000	Retained profits [#] RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2021	1,349	-	227,853	6,136	(813)	239,883	47,821	5,453	(24,432)	503,250	170,626	673,876
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	19,646	19,646	7,486	27,132
Other comprehensive expenses:												
Exchange differences arising on translating foreign operations	-	-	-	-	19	-	-	-	-	19	-	19
Fair value loss on financial assets at FVOCI	-	-	-	-	-	-	-	(3,590)	-	(3,590)	-	(3,590)
Total comprehensive income for the period	-	-	-	-	19	-	-	(3,590)	19,646	16,075	7,486	23,561
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	80	-	-	-	-	-	80	-	80
Share options lapsed	-	-	-	(604)	-	-	-	-	604	-	-	-
Issue of shares upon exercise of share options	4	-	2,271	(188)	-	-	-	-	-	2,087	-	2,087
	4	-	2,271	(712)	-	-	-	-	604	2,167	-	2,167
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(2,665)	(2,665)
At 30 June 2021 (unaudited)	1,353	-	230,124	5,424	(794)	239,883	47,821	1,863	(4,182)	521,492	175,447	696,939

[#] These reserves accounts comprise the consolidated reserves of approximately RMB520,139,000 (the six months ended 30 June 2020 (unaudited)): approximately RMB636,475,000) in the unaudited condensed consolidated statement of financial position.

Unaudited Condensed Consolidated Statement of Changes in Equity (Continued)

For the six months ended 30 June 2021

	Share capital RMB'000	Proposed final dividend# RMB'000	Share premium# RMB'000	Share-based payment reserve# RMB'000	Exchange reserve# RMB'000	Other reserve# RMB'000	Statutory surplus reserve# RMB'000	FVOCI reserve# RMB'000	Retained profits# RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	1,349	6,952	227,853	1,871	(1,002)	239,883	37,821	5,684	96,032	616,443	177,898	794,341
Comprehensive income:												
Profit for the period	-	-	-	-	-	-	-	-	10,617	10,617	1,729	12,346
Other comprehensive income:												
Exchange differences arising on translating foreign operations	-	-	-	-	1,087	-	-	-	-	1,087	-	1,087
Fair value gain on financial assets at FVOCI	-	-	-	-	-	-	-	4,503	-	4,503	-	4,503
Total comprehensive income for the period	-	-	-	-	1,087	-	-	4,503	10,617	16,207	1,729	17,936
Transactions with the equity holders of the Company:												
Equity settled share options payment	-	-	-	5,174	-	-	-	-	-	5,174	-	5,174
Share options lapsed	-	-	-	(337)	-	-	-	-	337	-	-	-
Share options forfeited	-	-	-	(30)	-	-	-	-	30	-	-	-
	-	-	-	4,807	-	-	-	-	367	5,174	-	5,174
Transferred to statutory surplus reserve	-	-	-	-	-	-	861	-	(861)	-	-	-
At 30 June 2020 (unaudited)	1,349	6,952	227,853	6,678	85	239,883	38,682	10,187	106,155	637,824	179,627	817,451

Unaudited Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2021

		Six months ended 30 June	
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Cash generated from operations		325,615	83,623
Income tax paid		(4,401)	(10,839)
Net cash generated from operating activities		321,214	72,784
Cash flows from investing activities			
Bank interest income		123	110
Purchase of property, plant and equipment		–	(130)
Refund of deposit for acquisition of investment properties		30,000	11,500
Refund from capital reduction of financial assets at FVOCI		–	7,747
Deposit paid for other assets		–	(27)
Decrease in amount due from related parties		–	147
Dividend income received from financial assets at FVOCI		8,771	–
Net cash generated from investing activities		38,894	19,347
Cash flows from financing activities			
Interest paid		(9,874)	(26,609)
Proceeds from bank loans		99,000	–
Repayments of bank loans		(505,084)	(16,615)
Advance from/(Repayment to) related parties		75	(3,384)
Repayment of lease liabilities (including interest paid)		(3,414)	(1,836)
Proceeds from issuance of shares upon exercise of share options		2,087	–
Dividend paid to non-controlling interests		–	(392)
Proceeds from issuance of bond		–	17,819
Repayment of contingent consideration payable		–	(19,600)
Redemption of bond		(15,009)	–
Net cash used in financing activities		(432,219)	(50,617)
Net (decrease)/increase in cash and cash equivalents		(72,111)	41,514
Cash and cash equivalents at beginning of the period	14	96,171	37,862
Effect of foreign exchange rate changes		1,000	294
Cash and cash equivalents at end of the period	14	25,060	79,670

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 June 2021

1. CORPORATE INFORMATION

Wealthy Way Group Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 10 December 2015 and its shares have been listed on the Main Board of the Exchange (the "Stock Exchange") (the "Listing") by way of placing and public offer of shares (the "Share Offer") on 21 July 2017. The registered office of the Company changed from P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands to P.O. Box 1350, Regatta Office Park, Windward 3, Grand Cayman KY1-1108, Cayman Islands, effective from 16 December 2020. The Company's principal place of business is at Room 02, 34/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are (i) provision of financial leasing, factoring and financial advisory services in the People's Republic of China (the "PRC"); (ii) provision of small loans and related loan facilitation services in the PRC; and (iii) provision of investment management and advisory services, securities dealing and broking services and other financial services in Hong Kong. In the opinion of the directors of the Company, the ultimate holding company of the Group is Wealthy Rise Investment Limited ("Wealthy Rise"), a company incorporated in the British Virgin Island ("BVI") which is wholly owned by Mr. Lo Wai Ho ("Mr. Lo").

2. BASIS OF PREPARATION

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

The preparation of the condensed consolidated financial statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. In preparing the condensed consolidated financial statements, the significant judgement made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

The condensed consolidated financial statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2020, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs, HKAS and Interpretation issued by the HKICPA.

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

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

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of the following new or amendments to HKFRSs effective for the accounting period beginning on or after 1 January 2021:

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform – Phase 2

Except HKFRS 16 Amendments COVID-19 Related Rent Concessions which has been early adopted in 2020, the Group has not early adopted the new and revised HKFRSs that have been issued but are not yet effective.

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

HKFRS 8, Operating Segments, required identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the chief operating decision maker (the "CODM") of the Group, being the executive directors of the Company, for the purpose of resources allocation and performance assessment.

The Group's operating and reportable segments under HKFRS 8 are as follows:

- | | | | |
|-------|---|---|--|
| (i) | Finance lease and factoring related services | – | provision of (a) direct finance leasing; (b) sale-leaseback; (c) factoring; and (d) related advisory services in the PRC |
| (ii) | Micro credit and loan facilitation related services | – | provision of (a) micro credit; and (b) loan facilitation related services in the PRC |
| (iii) | Securities dealing and broking and other financial services | – | provision of securities brokerage, share placing and margin financing and other financial services in Hong Kong |

The Group's operating segments are strategic business units that offer different services. They are managed separately because each business requires different marketing strategies.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 June 2021 (Unaudited)	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Revenue				
External income	11,492	41,358	2,649	55,499
Segment results	4,670	39,522	1,951	46,143
Unallocated corporate income				-
Unallocated corporate expenses				(9,722)
Profit before income tax				36,421
Income tax expense				(9,289)
				27,132

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2020	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Revenue				
External income	41,094	55,771	3,182	100,047
Segment results	17,070	16,598	(500)	33,168
Unallocated corporate income				57
Unallocated corporate expenses				(12,886)
Profit before income tax				20,339
Income tax expense				(7,993)
				12,346

Segment results represents profit earned by or loss incurred from each segment without allocation of certain other income and certain other operating expenses. This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance. There were no inter-segment sales for the period.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segment:

As at 30 June 2021 (Unaudited)	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Segment assets	197,690	531,000	53,322	782,012
Deferred tax assets				57,827
Financial assets at FVOCI				29,606
Deposits for further acquisition of interest in a non-wholly owned subsidiary				103,000
Tax recoverable				590
Unallocated corporate assets				4,428
Consolidated total assets				977,463
Segment liabilities	21,570	128,268	24,519	174,357
Promissory note				74,892
Bond payable				18,297
Unallocated corporate liabilities				12,978
Consolidated total liabilities				280,524

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities (Continued)

As at 31 December 2020	Finance lease and factoring related services RMB'000	Micro credit and loan facilitation related services RMB'000	Securities dealing and broking and other financial services RMB'000	Total RMB'000
Segment assets	557,231	507,717	64,245	1,129,193
Deferred tax assets				62,559
Financial assets at FVOCI				33,196
Deposits for further acquisition of interest in a non-wholly owned subsidiary and acquisition of interest in a company				133,000
Unallocated corporate assets				10,939
Consolidated total assets				1,368,887
Segment liabilities	430,218	121,991	25,342	577,551
Tax payable				180
Promissory note				72,050
Bond payable				33,681
Unallocated corporate liabilities				11,549
Consolidated total liabilities				695,011

For the purpose of monitoring segment performances and allocating resources between segments:

- All assets are allocated to operating segments other than financial assets at FVOCI, deposits for acquisition of investment properties, deferred tax assets and unallocated corporate assets.
- All liabilities are allocated to operating segments other than contingent consideration payable, promissory note, bond payable, tax payable and unallocated corporate liabilities.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

4. SEGMENT INFORMATION (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets other than financial instruments and deferred tax assets, is presented based on the geographical location of the assets.

	Revenue from external customers for the six months ended 30 June		Non-current assets as at	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
The PRC	52,850	96,865	3,037	4,330
Hong Kong	2,649	3,182	6,283	6,988
	55,499	100,047	9,320	11,318

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

5. REVENUE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Point in time</i>		
– Commission and brokerage income from securities dealing	944	547
– Placing and underwriting service income	–	87
– Financial advisory services income		
– Financial leasing advisory services income	1,340	–
– Other financial advisory service income	–	343
<i>Over time[#]</i>		
– Post loan facilitation service income	9,316	16,934
	11,600	17,911
Revenue from other sources*		
– Interest income from financial leasing	6,837	31,178
– Interest income from factoring	3,045	9,618
– Interest income from small loans	32,312	38,837
– Interest income from margin financing	515	557
– Interest income from other loans	1,190	1,946
	43,899	82,136
Total revenue	55,499	100,047

* Interest income were calculated using the effective interest income according to HKFRS 9. All the interest income disclosed in the above came from financial assets not at fair value through profit or loss ("FVPL").

The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligation that have original expected duration of one year or less.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

6. FINANCE COST

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on bank and other borrowings	8,584	26,128
Interest on lease liabilities	139	170
Interest on bond payable	1,290	1,406
Interest on promissory note	4,500	4,266
	14,513	31,970

7. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after charging/(crediting):

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Auditor's remuneration	107	96
Depreciation charged on:		
– property, plant and equipment	525	933
– right-of-use assets	1,175	1,695
	1,700	2,628
Employee benefit expenses (including directors' remuneration)		
– Salaries, allowances and benefits in kind	10,218	13,336
– Retirement benefit scheme contributions	1,599	546
– Equity settled share-based payment	48	3,846
	11,865	17,728
Equity settled share-based payment		
– Employee benefit expenses	48	3,846
– Referral fees/consultancy fees	32	1,328
	80	5,174
Commission paid	1,598	4,421
Operating lease expense	35	201
Bad debts written off/(recovery) of loan and account receivables, net	–	(139)

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

8. INCOME TAX EXPENSE

		Six months ended 30 June	
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
The charge comprises:			
Current tax for the period			
– PRC Enterprise Tax ("EIT")	(c)	3,608	10,666
– Hong Kong profits tax	(d)	–	–
Deferred tax expense/(credit)		5,681	(2,673)
		9,289	7,993

Notes:

- (a) The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.
- (b) Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax under these jurisdictions.
- (c) PRC EIT is calculated at 25% (the six months ended 30 June 2020 (unaudited): 25%) of the estimated assessable profits of subsidiaries operating in the PRC except for a subsidiary of the Company as mentioned below. In accordance with relevant laws and regulations in the PRC, enterprises established in the Qianhai Shenzhen-Hong Kong Modern Services Industry Cooperation Zone ("Zone") are eligible for a reduced EIT rate of 15%, provided that the enterprise is engaged in projects that fall within the Catalogue for EIT Preferential Treatments of the Zone. One of the subsidiaries is entitled to the 15% preferential tax rate for the years 2018 to 2021.
- (d) No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong for the six months ended 30 June 2021 (the six months ended 30 June 2020 (unaudited): Nil).

9. DIVIDENDS

The Directors do not recommend the payment of an interim dividend in respect of the six months ended 30 June 2021 (six months ended 30 June 2020 (unaudited): Nil).

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

10. EARNINGS PER SHARE

	Six months ended 30 June	
	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	19,646	10,617
Weighted average number of ordinary shares for the purpose of basic earnings per share (in '000)	155,528	155,523
Effect of dilutive potential ordinary shares – share options (in '000)	1,398	618
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in '000)	156,926	156,141

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are share options. The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

For the six months ended 30 June 2021 and 30 June 2020, the conversion of potential ordinary shares in relation to the share option has a dilutive effect to the basic earnings per share.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

11. FINANCIAL ASSETS AT FVOCI

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Equity investment designated at FVOCI (non-recycling) – Unlisted equity securities	29,606	33,196

The unlisted equity securities represented 4.6448% equity interests in Guotou Chuangxin (Beijing) Investment Fund Corporation Limited, a private company with limited liability established in the PRC and engaged in investment management. The Group designated this investment at FVOCI (non-recycling), as the investment is held for strategic purpose. Dividend amounted to RMB8,771,000 was received on this investment for the six months ended 30 June 2021 (six months ended 30 June 2020: RMB2,940,000).

As at 30 June 2021, the management estimated the fair value of this equity investment with the assistance of an independent and registered professional firm of valuers by using the asset approach. Fair value was recorded at approximately RMB29,606,000 at the end of reporting period (31 December 2020: RMB33,196,000) and a fair value loss of approximately RMB3,590,000 (31 December 2020: fair value gain of RMB4,231,000) was recognised in other comprehensive expenses.

The fair value of this unlisted equity securities are measured using valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy and significant unobservable inputs are as follows:

Significant unobservable inputs	Relation of unobservable inputs with the fair value
Increase in market price of underlying investment portfolio	The higher market value of underlying investment portfolio, the higher fair value of the equity investment, and vice versa.
Discount for lack of marketability ("DLOM")	The higher DLOM, the lower fair value of the equity investment, and vice versa.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Non-current assets			
Financial leasing receivables	(a)	22,437	69,293
Small loans receivables	(c)	208,791	4,731
		231,228	74,024
Less: Allowance for ECLs		(1,085)	(21,616)
		230,143	52,408
Current assets			
Financial leasing receivables	(a)	97,379	435,423
Factoring loan receivables	(b)	92,175	182,849
Small loan receivables	(c)	329,102	532,439
Other loan receivables	(d)	12,698	23,478
Account receivables	(e)	9,392	11,818
		540,746	1,186,007
Less: Allowance for ECLs		(48,706)	(231,872)
		492,040	954,135
Total loan and account receivables, net		722,183	1,006,543

Notes:

(a) Financial leasing receivables

For financial leasing receivables, the customers are obliged to settle the amounts according to the terms set out in the relevant contracts, and must acquire the leased assets at the end of the lease period. The period for financial leasing contract are normally ranging from 0.5 to 3 years (31 December 2020: 0.2 to 8 years).

The Group's financial leasing receivables are denominated in RMB which is the functional currency of the relevant group entity. The effective interest rates of the finance leases range from 8.1% to 20.0% (31 December 2020: 5.3% to 20.1%) per annum as at 30 June 2021.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) Financial leasing receivables (Continued)

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Financial leasing receivables comprise of:				
Within one year	103,861	449,231	97,379	435,423
More than one year but not exceeding two years	20,631	60,294	19,485	57,356
More than two years but not exceeding three years	2,984	12,123	2,952	11,937
	127,476	521,648	119,816	504,716
Less: Unearned finance income	(7,660)	(16,932)	-	-
Present value of minimum lease payments	119,816	504,716	119,816	504,716

Financial leasing receivables are mainly secured by the leased assets which are equipment and machinery used in real estate, manufacturing, construction and hotel. Additional collateral may be obtained from customers to secure their repayment obligations under financial leasing and such collateral include vehicle licence.

On 16 March 2021, the Group entered into arrangements with an independent third party (the "Assignee"), to sell and assign the rights, ancillary rights, titles and benefits of two financial leasing receivables from Grand China Air Co., Ltd* (大新華航空有限公司) ("Creditor's Rights"), which at an aggregate cash consideration of RMB131,000,000, representing the discount of approximately 39.2% of the amount outstanding as at 31 December 2020. Such consideration is determined based after arm's length negotiation with the Assignee with reference to the valuation of the Creditor's Rights conducted by the independent valuer engaged by the Group which have been taking into consideration (i) likelihood weighting of different scenarios to realise rights to the relevant financial leasing receivables into cash; (ii) recoverable amount of the financial leasing receivables; and (iii) recoverable amount of the underlying collaterals. The Assignee is principally engaged in investment holding. Details of the assignment of Creditor's Rights are set out in the Company's announcements dated 16 March 2021 and 29 March 2021.

Under the assignment agreement, the Group is not required to reimburse the Assignee for any loss incurred resulting from the default in payment by the Customer. The assignment of the two financial leasing receivables with aggregate principal amount outstanding of approximately RMB215,548,000 as at 31 December 2020 were completed on 16 March 2021, and the cash consideration was fully settled by the Assignee on 19 March 2021.

In April 2021, the Group entered into the factoring agreement with the factoring company, pursuant to which CVWV Leasing has agreed to transfer the creditor's rights and relevant rights of the financial leasing receivables under financial leasing agreement to the factoring company, and the factoring company has agreed to receive such creditor's rights and relevant rights of the financial leasing receivables and to provide CVWV Leasing with factoring facilities of approximately RMB99.0 million in cash with no interest and no recourse right attached. Details of the non-recourse factoring agreement are set out in the Company's announcements dated 9 April 2021.

Therefore, the total of financial leasing receivables dropped significantly during the period ended 30 June 2021.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(a) Financial leasing receivables (Continued)

As at 30 June 2021, the financial leasing receivables were collateralised by the leased assets with fair values of approximately RMB214,231,000 (31 December 2020: approximately RMB709,794,000).

The following is a credit quality analysis of financial leasing receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of financial leasing receivables is classified as overdue.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Neither overdue nor credit-impaired	85,898	76,198
Overdue but not credit-impaired		
– overdue within 30 days	6,816	–
Overdue and credit-impaired	27,102	428,518
	119,816	504,716
Less: Allowance for ECLs	(17,463)	(195,282)
	102,353	309,434

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(b) Factoring loan receivables

The credit period granted to each of the customers is generally for a period of 0.3 to 1 year (31 December 2020: 0.3 to 1 year). The effective interest rate of the above factoring loan receivables is ranging from 8.1% to 18.1% (31 December 2020: 9.9% to 24.5%) per annum as at 30 June 2021.

As at 30 June 2021, the factoring loan receivables were collateralised by the customers' accounts receivables with fair value of approximately RMB118,908,000 (31 December 2020: approximately RMB247,065,000).

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	3,000	119,508
31 to 90 days	89,175	43,341
91 to 365 days	–	20,000
	92,175	182,849
Less: Allowance for ECLs	(3,000)	(6,143)
	89,175	176,706

The following is a credit quality analysis of factoring loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of factoring loan receivables is classified as overdue.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Neither overdue nor credit-impaired	89,175	48,524
Overdue but not credit-impaired		
– overdue within 30 days	–	13,320
– overdue within 31 days to 90 days	–	103,744
Overdue and credit-impaired	3,000	17,261
	92,175	182,849
Less: Allowance for ECLs	(3,000)	(6,143)
	89,175	176,706

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(c) Small loan receivables

It primarily represented the micro-credit loans and guaranteed loans granted to the customers of which a net receivable of approximately RMB181.1 million was from second mortgage market. The loan periods granted to each of the customers is generally for a period of 3 months to 5 years (31 December 2020: 3 months to 3 years). The effective interest rate of the above small loans receivables is ranging from 6.0% to 27.7% (31 December 2020: 8.0% to 27.8%) per annum as at 30 June 2021.

As at 30 June 2021, certain loan receivables are mainly secured by real estates such as buildings with fair values of approximately RMB546,966,000 (31 December 2020: (i) real estates such as buildings with fair values of approximately RMB21,767,000; and (ii) motor vehicles with fair values of approximately RMB509,000).

The ageing analysis of the Group's small loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	56,174	67,520
31 to 90 days	47,390	96,305
91 to 365 days	225,538	368,614
Over 365 days	208,791	4,731
	537,893	537,170
Less: Allowance for ECLs	(22,287)	(43,699)
	515,606	493,471

The following is a credit quality analysis of small loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of small loan receivables is classified as overdue.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Neither overdue nor credit-impaired	509,330	490,335
Overdue but not credit-impaired		
– overdue within 30 days	2,599	3,688
– overdue within 31 to 90 days	3,377	4,695
Overdue and credit-impaired	22,587	38,452
	537,893	537,170
Less: Allowance for ECLs	(22,287)	(43,699)
	515,606	493,471

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(d) Other loan receivables

It represented the unsecured loans granted to the customers. The loan periods granted to each of customers is generally for a period of 1 year (31 December 2020: 1 year). The effective interest rate of the above other loan receivables is 6% (31 December 2020: 12%) per annum as at 30 June 2021.

The ageing analysis of the Group's other loan receivables, as of each reporting date, based on the maturity date set out in the relevant contracts:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	–	–
31 to 90 days	12,698	–
91 to 365 days	–	23,478
Over 365 days	–	–
	12,698	23,478
Less: Allowance for ECLs	(1,832)	(3,329)
	10,866	20,149

The following is a credit quality analysis of other loan receivables. In the event that an instalment repayment is overdue, the entire outstanding balance of other loan receivables is classified as overdue.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Neither overdue nor credit-impaired	12,698	23,478
Less: Allowance for ECLs	(1,832)	(3,329)
	10,866	20,149

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(e) Account receivables

Balances comprise receivables in respect of securities dealing and broking services and loan facilitation services, represented as follows:

	Notes	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Account receivables from securities dealing and broking services:	i		
– Hong Kong Securities Clearing Company Limited ("HKSCC")		403	1,945
– Cash clients		–	303
– Margin clients		7,850	7,963
		8,253	10,211
Account receivables from loan facilitation services	ii	1,139	1,607
Less: Allowance for ECLs		9,392 (5,209)	11,818 (5,035)
Total account receivables, net		4,183	6,783

Notes:

- i. Account receivables from cash clients and securities clearing houses arising from securities dealing business are repayable on demand subsequent to the settlement date. The normal settlement terms of said account receivables are, in general, two days after trade date. The Group allows a credit period mutually agreed with the contracting parties for receivables from margin clients.

No ageing analysis by invoice date is disclosed for account receivables from securities dealing business as, in the opinion of the Directors, an ageing analysis is not meaningful in view of the business nature.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(e) Account receivables (Continued)

Notes: (Continued)

- ii. Balances comprise receivables in respect of financial advisory and loan facilitation services. The account receivables are recognised when the services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Revenue from such services is recognised based on the price stipulated in the contracts. No element of financing is deemed present as the services are made with a credit period not more than one week after revenue recognition.

The ageing analysis of the Group's account receivables from loan facilitation services, as of each reporting date, based on the maturity date set out in the relevant contracts:

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
0 to 30 days	1,139	1,139
31 to 90 days	–	–
91 to 365 days	–	468
Over 365 days	–	–
	1,139	1,607
Less: Allowance for ECLs	(963)	(963)
	176	644

The following is a credit quality analysis of account receivables from loan facilitation services. In the event that an instalment repayment is overdue, the entire outstanding balance of account receivables is classified as overdue.

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Neither overdue nor credit-impaired	–	468
Overdue but not credit-impaired		
– overdue within 30 days	–	104
– overdue within 31 to 90 days	–	72
Overdue and credit-impaired	1,139	963
	1,139	1,607
Less: Allowance for ECLs	(963)	(963)
	176	644

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

12. LOAN AND ACCOUNT RECEIVABLES (Continued)

Notes: (Continued)

(e) Account receivables (Continued)

Except for receivables from margin clients, the Group does not hold any collateral or other credit enhancements over these balances.

Account receivables of securities margin clients are secured by the clients' pledged securities with fair value of approximately RMB74,180,000 (31 December 2020: approximately RMB64,923,000) as at 30 June 2021. All of the pledged securities are equity and debt securities listed in Hong Kong and overseas. The account receivables of securities margin clients are repayable on demand subsequent to settlement date and carrying interest typically ranging from 6% to 12% and Hong Kong Prime rate +7% per annum (31 December 2020: from 6% to 12% and Hong Kong Prime rate to Hong Kong Prime rate +7% per annum) as at 30 June 2021. Securities are assigned with specific margin ratios for calculating their margin values. Additional funds or collaterals are required if the outstanding amount exceeds the eligible margin value of securities deposited. The collateral held can be repledged and can be sold at the Group's discretion to settle any outstanding amount owned by the margin clients.

As at 30 June 2021, the allowance for ECLs of approximately RMB5,209,000 (31 December 2020: approximately RMB5,035,000) is considered as adequately provided for as the directors of the Company have individually evaluated their account receivables after taking into account the loan-to-collateral value for each borrower, and other information available of those borrowers in default of settlement to determine the net present value of expected future cash inflow.

The Directors consider that the fair values of current portion of loan receivables which are expected to be recovered within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception. The fair value of the non-current portion of loan receivables has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. As such, the amortised cost of the non-current portion approximates its fair value.

13. DUE FROM/(TO) RELATED PARTIES

The amounts due were non-trade in nature, unsecured, interest free and repayable on demand.

The maximum outstanding amounts due from related companies were shown as follow:

Name of related companies	Maximum outstanding during the period RMB'000	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
深圳恒豐物業管理有限公司	4	4	4

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

14. CASH AND CASH EQUIVALENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank balances and cash		
– segregated accounts (Note i)	23,546	20,180
– general accounts and cash	25,060	79,670
Total bank balances and cash (Note ii)	48,606	99,850
Less: Clients' monies in segregated account (Note i)	(23,546)	(20,180)
	25,060	79,760

Notes:

- (i) From the Group's ordinary business in provision of securities dealing services, the Group receives and holds money deposited by the clients in the course of the conduct of the regulated activities. These clients' monies are maintained in segregated bank accounts at market interest rates. The Group has recognised the corresponding accounts payables (Note 15) to respective clients and other institutions on the grounds that it is liable for any loss or misappropriation of clients' monies. The Group is only allowed to retain some or all of the interest derived from the clients' monies but not allowed to use the clients' monies to settle its own obligations.

The cash held on behalf of customers is restricted and governed by the Securities and Futures (Client Money) Rules under the Hong Kong Securities and Futures Ordinance ("HKSF"). However, the Group currently does not have an enforceable right to offset those payables with the deposits placed.

- (ii) Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

15. ACCOUNT PAYABLES

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
HKSCC	979	246
Cash clients	5,880	3,391
Margin clients	17,005	20,935
	23,864	24,572

Account payables arising from securities dealing business are interest-free and repayable on the settlement day of the relevant trades.

The normal settlement terms of account payables to cash clients and securities clearing house are two days after trade date.

Account payables to HKSCC, margin clients and cash clients are repayable on demand after settlement date. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

The account payables amounting to approximately RMB23,546,000 (31 December 2020: approximately RMB22,462,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of conduct of regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits place.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

16. BANK AND OTHER BORROWINGS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Bank borrowings – secured*:		
Within one year	98,992	420,340
More than one year, but not exceeding two years	–	77,405
More than two years, but not exceeding five years	–	7,331
Other loans – unsecured:		
Within one year	–	–
	98,992	505,076
Less: Amount shown under current liabilities	(98,992)	(420,340)
Amount shown under non-current liabilities	–	84,736

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

As at 30 June 2021, the effective interest rates of the Group's secured bank borrowings were ranging from 7.8% to 8.3% (31 December 2020: 5.0% to 8.3%) per annum.

In March 2021, the Group received an early repayment demand note notice from one bank in relation to a bank borrowing with principal amounts of approximately RMB140,815,000, which was secured by charges over certain equity interests in the Company by Wealthy Rise and the relevant leased assets.

In the same month, the Group entered into certain arrangements with certain banks in respect of early repayment of bank borrowings secured by certain leased assets with aggregate principal amount of approximately RMB220,800,000. The respective financial leasing receivables were assigned to the Assignee as disclosed and the aforementioned bank borrowings were fully repaid on 22 March 2021.

In April 2021, the Group also early repaid another bank borrowing with aggregate principal amount of approximately RMB192,000,000 fully after the creditor's rights and relevant rights of respective financial receivables were transferred to a Factoring Company under the non-recourse Factoring Agreement and the early repayment of bank borrowing was also completed on 9 April 2021.

As at 30 June 2021, none (31 December 2020: all) of the Group's bank borrowings were secured by charges over certain leased assets and financing leasing receivables except for the bank borrowing amounting to approximately RMB98,992,000 which was secured by charges over one property with fair value of approximately RMB35,100,000 (31 December 2020: approximately RMB35,100,000) (which is owned by Mr. Lu Qing Ming, nephew of Mr. Lo and a director of a related company) and jointly guaranteed by a related company, Mr. Lu Nuan Pei ("Mr. Lu"), Mr. Lo's sibling, who is the ultimate controlling party of the related company, Mr. Lu and his spouse, with an aggregate amount up to RMB150,000,000 (31 December 2020: RMB150,000,000).

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

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

17. SHARE CAPITAL

Authorised and issued share capital

	Number of ordinary shares	Amount HK\$'000
Ordinary Shares of HK\$0.01 of each		
Authorised:		
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	20,000,000,000	200,000
	Number of ordinary shares	Amount RMB'000
Issued and fully paid:		
At 1 January 2020, 31 December 2020 and 1 January 2021	155,523,000	1,349
Issue of shares upon exercise of share options (note a)	410,000	4
At 30 June 2021	155,933,000	1,353

Note:

- (a) During the six months ended 30 June 2021, 410,000 share options were exercised at the exercise price of HK\$6.12 (equivalent to approximately RMB5.09) per share. The total cash consideration received from the issuance of shares was approximately HK\$2,509,000 (equivalent to approximately RMB2,087,000), of which approximately HK\$4,000 (equivalent to approximately RMB4,000) was credited to issued share capital and the remaining balance of approximately HK\$2,505,000 (equivalent to approximately RMB2,083,000) was credited to the share premium account. In addition and amount attributable to the related share option of approximately HK\$212,000 (equivalent to approximately RMB188,000) has been transferred from share-based payment reserve to the share premium account.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

18. RELATED PARTY TRANSACTIONS

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

(a) Transactions with related parties

		Six months ended 30 June	
	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Interest on lease liabilities paid to a related company	(i), (ii)	68	74
Building management fee paid to a related company	(i)	244	278
Hospitality expense for functions in the hotel paid to a related company	(i)	118	62
Utility expense paid to a related company	(i)	90	77

Notes:

- (i) Mr. Lo's elder brother, Mr. Lu, is the ultimate controlling party of the related companies.
- (ii) The Group entered certain lease in respect of properties from a related party to the Group. The amount of rental payable by the Group under the leases are approximately RMB65,000 (six months ended 30 June 2020 (unaudited): RMB65,000) per month and the lease terms will be expired on 2 to 3 years. During the six months ended 30 June 2021, the Group has paid rental expenses of approximately RMB334,000 to a related company (six months ended 30 June 2020 (unaudited): RMB334,000).

In the opinion of the directors of the Company, the transactions listed above between the Group and the aforementioned related parties were conducted in the ordinary and usual course of business.

All of the above related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The above transactions are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.33 of the Listing Rules.

(b) Compensation of key management personnel

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the members of the board of directors and senior management of the Company. Key management personnel remuneration during the reporting period are as follows:

		Six months ended 30 June	
		2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Directors' fees		775	843
Salaries, allowances and benefits in kind		711	1,095
Retirement benefit scheme contributions		143	69
Equity-settled share-based payment		4	-
		1,633	2,007

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

19. FINANCIAL GUARANTEE CONTRACTS

The Group has given a corporate guarantee to the extent of approximately RMB25,000 (31 December 2020: RMB174,000) to an independent third party in respect of the credit enhancement services provided to the customers of loan facilitation services. In the opinion of the directors of the Company, no material liabilities will arise from the above corporate guarantee which arose in the ordinary course of business and fair value of the corporate guarantee granted by the Group is immaterial.

20. FAIR VALUE MEASUREMENT

The following table presents the carrying value of the Group's financial instruments measured at fair value across the three levels of the fair value hierarchy defined in HKFRS 13 "Fair Value Measurement" with fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement.

The levels are defined as follows:

- Level 1: fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values 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: fair values measured using significant unobservable input.

	As at 30 June 2021 (Unaudited)		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets at FVOCI – Unlisted equity securities	–	–	29,606

	As at 31 December 2020 (Audited)		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets at FVOCI – Unlisted equity securities	–	–	33,196

There were no transfers between the three Levels during the reporting periods. The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting period.

Notes to the Unaudited Condensed Consolidated Financial Statements (Continued)

For the six months ended 30 June 2021

20. FAIR VALUE MEASUREMENT (Continued)

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

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Financial assets at FVOCI:		
At beginning of the period/year	33,196	49,684
Refund received on capital reduction of the unlisted equity securities	-	(16,257)
Fair value loss on financial asset at FVOCI	(3,590)	(231)
At end of the period/year	29,606	33,196
Financial liabilities at FVPL:		
At beginning of the period/year	-	19,600
Fair value loss on contingent consideration payable	-	-
Repayment	-	(19,600)
At end of the period/year	-	-