

BAO SHEN HOLDINGS LIMITED
寶申控股有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8151

Interim Report
2021



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*This report, for which the directors (the “**Directors**”) of Bao Shen Holdings Limited (the “**Company**”), together with its subsidiaries, (the “**Group**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this report is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Fan Baocheng

(Chairman and Chief Executive Officer)

Mr. Zhou Zhen Dong

Independent Non-executive Directors

Mr. Liang Chi

Mr. Ho Ka Chun

Mr. Chan Chun Chi

AUDIT COMMITTEE

Mr. Chan Chun Chi *(Chairman)*

Mr. Liang Chi

Mr. Ho Ka Chun

NOMINATION COMMITTEE

Mr. Liang Chi *(Chairman)*

Mr. Ho Ka Chun

Mr. Chan Chun Chi

REMUNERATION COMMITTEE

Mr. Ho Ka Chun *(Chairman)*

Mr. Liang Chi

Mr. Chan Chun Chi

COMPANY SECRETARY

Mr. Tsoi Ka Shing

COMPLIANCE OFFICER

Mr. Fan Baocheng

AUTHORISED REPRESENTATIVES

Mr. Fan Baocheng

Mr. Tsoi Ka Shing

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 719, Shuang Ying Road

Wu Yi Industrial Park

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Chuzhou City, Anhui, PRC

AUDITORS

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

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The Landmark

11 Pedder Street, Central

Hong Kong

STOCK CODE

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COMPANY'S WEBSITE

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MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is a plastic and steel component processor for white goods of home washing machines and home refrigerators, which entails manufacturing of stamping components, plastic components, processing of spray-painting and powder-coating peripheral components, with headquarters in the Anhui province, the PRC.

Despite the global economy is affected by the multiple pandemic waves of the 2019 coronavirus (“**COVID-19**”) in the six months ended 30 June 2021, the Group recorded a significant sales growth against the corresponding period in 2020 due to the PRC domestic market gradually recovering from the adverse impact of COVID-19. During the six months ended 30 June 2021, the Group’s revenue increased by 42.6% to approximately RMB67.0 million (2020: RMB47.0 million), gross profit increased by 202.9% to approximately RMB10.6 million (2020: RMB3.5 million) and gross profit margin increased to approximately 15.9% (2020: 7.4%). However, the Group still recorded a loss position of approximately RMB3.7 million for the six months ended 30 June 2021. The loss for the six months ended 30 June 2021 was increase by RMB1.5 million or 68.2% compared to that of the corresponding period in 2020.

Outlook

In the second half of 2021, the Group requests all departments of the Group to improve their overall management level and strengthen market research to cope with market competition in the second half of the year with efforts.

In view of the current situation in which the Group's orders in the third quarter may be lower than the previous quarter, the Group requires all departments to reduce expenses and increase efficiency. In addition, the Group plans to increase on-the-job skills training in various departments and strengthen internal talent development in the second half of the year. Finally, the Group will strengthen market research and strive to develop one or two plastic components projects in the second half of the year, so as to capture a larger market share and meet the challenges in the second half of the year.

FINANCIAL REVIEW

The revenue of the Group was approximately RMB67.0 million for the six months ended 30 June 2021 (2020: approximately RMB47.0 million), representing an increase of approximately 42.6%, such increase was mainly attributable to increase in sale of washing machine’s plastic components and refrigerator’s powder-coating peripheral components.

MANAGEMENT DISCUSSION AND ANALYSIS

The gross profit of the Group was approximately RMB10.6 million for the six months ended 30 June 2021, representing an increase of approximately 202.9% as compared to that of the gross profit of the corresponding period in 2020 of approximately RMB3.5 million, such increase was mainly due to increase in gross profit margin from plastic components.

The gross profit margin for the six months ended 30 June 2021 was approximately 15.9%, which was increase by approximately 8.5 percentage point as compared to that of the gross profit margin in the corresponding period in 2020 of approximately 7.4%.

OTHER INCOME AND GAINS

Other income and gains decreased from approximately RMB1.1 million for the six months ended 30 June 2020 to approximately RMB0.4 million for the six months ended 30 June 2021, representing a decrease of approximately 63.6%. Such decrease was mainly due to decrease in government grants recognised compared to that of corresponding period in 2020.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increase from approximately RMB1.9 million for the six months ended 30 June 2020 to approximately RMB3.3 million for the six months ended 30 June 2021, representing an increase of 73.7%. Such increase was mainly due to increase in transportation expenses in relation to logistic fees incurred as well as running costs and maintenance expenses of vehicles.

ADMINISTRATIVE EXPENSES

Administrative expenses increase from approximately RMB3.7 million for the six months ended 30 June 2020 to approximately RMB9.7 million for the six months ended 30 June 2021, representing an increase of 162.2%. Such increase was mainly due to increase in research and development costs and administrative staff costs compared to that of corresponding period in 2020.

FINANCE COSTS

Finance costs increase from approximately RMB1.2 million for the six months ended 30 June 2020 to approximately RMB1.7 million for the six months ended 30 June 2021, representing an increase of 41.7%. Such increase was mainly due to increase in interest on other borrowings and bank borrowings compared to that of corresponding period in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

INCOME TAX (EXPENSES)/CREDIT

Income tax expenses for the period ended 30 June 2021 was approximately RMB21,000 while income tax credit for the same corresponding period in 2020 was approximately RMB82,000. The income tax expenses incurred for the period ended 30 June 2021 was mainly due to the tax impact of the reversal on the provision of expected credit loss on trade receivables.

LOSS FOR THE PERIOD AND ATTRIBUTABLE TO OWNERS OF THE COMPANY

As a result of the foregoing, the Group recorded a loss of approximately RMB3.7 million for the six months ended 30 June 2021 as compared to approximately RMB2.2 million for the six months ended 30 June 2020. The loss for the six months ended 30 June 2021 was mainly attributable to an increase in research and development costs and staff costs.

CHARGES OF ASSETS

The Group had pledged right-of-use assets and property, plant and equipment in the aggregate amount of approximately RMB31.6 million as at 30 June 2021 (31 December 2020: approximately RMB36.2 million).

CAPITAL COMMITMENT

As at 30 June 2021, the Group had no capital commitments (31 December 2020: nil) in relation to the purchase of property, plant and equipment in the PRC which had been contracted but not provided for.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any significant contingent liabilities (31 December 2020: nil).

INTEREST RATE RISK

Interest rate risk refers to the risk that the fair value of interest rate risk in relation to fixed rate bank borrowings, other borrowings and lease liabilities. The Group is also exposed to cash flow interest rate due to fluctuation of prevailing market interest rate on bank deposits, bank borrowings, other borrowings and lease liabilities carried at prevailing market interest rates. The Group however did not engage in any derivatives agreements and did not commit any financial instrument to hedge its interest rate risk during the period ended 30 June 2021. The management monitors the Group's interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The Group is to expand our market share and strengthen our market position in the steel and plastic component industry for white goods in the PRC.

After deduction of all related listing expenses and commissions, the net proceeds from the listing amounted to approximately HK\$18.4 million. Up to 30 June 2021, the Group has approximately utilised HK\$10.0 million of the net proceeds from the listing as follows:

Use of proceeds	As stated in	Actual use	Unused	Expected
	Prospectus	of proceeds		
	HK\$'000	from the date	Amount	full utilisation
	HK\$'000	of listing up to	HK\$'000	of the
		30 June 2021		remaining
		HK\$'000		net proceeds
Increasing production capacity of stamping components by acquisition of automatic roll manufacturing lines, stamping machines and the moulds required, and the related additional labour cost	4,100	2,561	1,539	By June 2022
Increasing production capacity of powder-coating peripheral components by acquisition of one new processing line and the related additional labour cost	4,200	–	4,200	By June 2022
Increasing production capacity of spray-painting components by acquisition of one new processing line and the related additional labour cost	2,700	–	2,700	By June 2022
Repayment of part of the Group's bank loans	6,700	6,700	–	
Using for general working capital purposes	700	700	–	
Total	18,400	9,961	8,439	



MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICES

For the six months ended 30 June 2021, the Group had an average of 396 (30 June 2020: 362) employees. Total employees benefit expenses (including directors' emoluments) for the six months ended 30 June 2021 and the six months ended 30 June 2020 were approximately RMB13.2 million and approximately RMB10.1 million, respectively. Remuneration is determined with reference to market terms and formulated on the basis of performance, qualifications and experience of individual employee. In addition to a basic salary, discretionary bonuses were offered to those employees according to the assessment of individual performance.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

There were no significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies by the Group during the six months ended 30 June 2021. Save as those disclosed in elsewhere in this report, there was no plan for material investments or capital assets as at 30 June 2021.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2021, together with the unaudited comparative figures for the corresponding periods in 2020 as set out below.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	4	32,715	29,192	67,010	47,029
Cost of sales		(26,566)	(27,001)	(56,385)	(43,550)
Gross profit		6,149	2,191	10,625	3,479
Other income and gains	5	248	886	361	1,074
Selling and distribution expenses		(1,602)	(901)	(3,294)	(1,939)
Administrative expenses		(5,936)	(1,921)	(9,701)	(3,705)
Finance costs	6	(886)	(659)	(1,652)	(1,179)
Loss before tax	7	(2,027)	(404)	(3,661)	(2,270)
Income tax (expenses)/credit	8	(21)	15	(21)	82
Loss for the period and attributable to owners of the Company		(2,048)	(389)	(3,682)	(2,188)
Other comprehensive (expense)/income Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(240)	(63)	(196)	436
Total comprehensive expense for the period and attributable to owners of the Company		(2,288)	(452)	(3,878)	(1,752)
Losses per share – Basic and diluted (RMB)	10	(0.49) cents	(0.09) cents	(0.88) cents	(0.52) cents

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 and 31 December 2020

	Notes	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Non-current assets			
Property, plant and equipment		31,866	33,133
Right-of-use assets		10,929	11,154
Deposit		2,008	2,008
		44,803	46,295
Current assets			
Inventories		18,719	18,488
Trade and other receivables	11	68,934	65,634
Cash and bank balances		24,913	34,233
		112,566	118,355
Total assets		157,369	164,650
Current liabilities			
Trade and other payables	12	39,966	43,446
Bank borrowings		30,630	28,650
Other borrowings		3,238	2,803
Lease liabilities		811	1,021
Current tax liabilities		710	839
		75,355	76,759
Net current assets		37,211	41,596
Total assets less current liabilities		82,014	87,891

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021 and 31 December 2020

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Non-current liabilities		
Lease liabilities	–	318
Other borrowings	2,883	4,585
Deferred tax liabilities	1,221	1,200
	4,104	6,103
Net assets	77,910	81,788
Capital and reserves		
Equity attributable to owners of the Company		
Share capital	3,364	3,364
Reserves	74,546	78,424
Total equity	77,910	81,788

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021 and 2020

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Net cash used in operating activities	(7,077)	(7,171)
Net cash used in investing activities	(816)	(1,090)
Net cash used in financing activities	(1,227)	(1,578)
Net decrease in cash and cash equivalents	(9,120)	(9,839)
Cash and cash equivalents at the beginning of the period	34,233	38,032
Effect of foreign exchange rate changes	(200)	438
Cash and cash equivalents at the end of the period	24,913	28,631
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	24,913	28,631

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Translation reserve RMB'000	PRC statutory reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 31 December 2020 and 1 January 2021 (audited)	3,364	52,292	(9,070)	2,416	3,602	29,184	81,788
Loss and total comprehensive expense for the period	-	-	-	(196)	-	(3,682)	(3,878)
Balance at 30 June 2021 (unaudited)	3,364	52,292	(9,070)	2,220	3,602	25,502	77,910

For the six months ended 30 June 2020

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Translation reserve RMB'000	PRC statutory reserve RMB'000	Retained earnings RMB'000	Total equity RMB'000
Balance at 31 December 2019 and 1 January 2020 (audited)	3,364	52,292	(9,070)	3,449	2,914	30,934	83,883
Loss and total comprehensive income for the period	-	-	-	436	-	(2,188)	(1,752)
Transfer from retained earnings	-	-	-	-	688	(688)	-
Balance at 30 June 2020 (unaudited)	3,364	52,292	(9,070)	3,885	3,602	28,058	82,131

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. GENERAL INFORMATION

Bao Shen Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 14 December 2015 as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares have been listed on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 23 April 2018. Its parent and ultimate holding company is Wang Mao Investments Limited (“**Wang Mao**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and wholly owned by Mr. Fan Baocheng (“**Mr. Fan**”).

The address of the Company’s registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in the People’s Republic of China (the “**PRC**”) is No. 719, Shuang Ying Road, Wu Yi Industrial Park, Nanqiao Suburb, Chuzhou City, Anhui, the PRC. The Company is an investment holding company. The Group is principally engaged in plastic and steel component manufacturing and processing (including (i) stamping components manufacturing; (ii) spray-painting components processing; (iii) powder-coating components processing; and (iv) plastic components manufacturing) in the PRC.

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the “**functional currency**”). The functional currency of the Group’s operating subsidiaries is RMB. The unaudited interim condensed consolidated financial statements are presented in RMB, which is different from the functional currency of the Company (i.e. Hong Kong dollars (“**HK\$**”). The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

2. BASIS OF PREPARATION

These unaudited interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The unaudited interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

This unaudited interim condensed consolidated financial information has been prepared under the historical cost convention. These unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. PRINCIPAL ACCOUNTING POLICES

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards, HKAS and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

4. REVENUE AND SEGMENT INFORMATION

HKFRS 8 *Operating Segments* requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the executive directors of the Company, being the chief operating decision maker, for the purpose of resources allocation and performance assessment. On this basis, the Group's has determined that it only has one operating segment which is a plastic and steel components processor (including (i) stamping components manufacturing; (ii) spray-painting components processing; (iii) powder-coating components processing; and (iv) plastic components manufacturing) in the PRC.

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
An analysis of revenue by type of goods is as follows:		
Revenue from customer and recognised at point in time		
Peripheral components		
– Spray-painting peripheral components	7,135	7,524
– Powder-coating peripheral components	18,949	15,587
Stamping components	14,599	11,285
Plastic components	26,327	12,632
	67,010	47,028

Geographical information

The Company is domiciled in the Cayman Islands with the Group's major operations in the PRC. All external revenue of the Group for the six months ended 30 June 2021 and 2020 are attributable to customers incorporated in the PRC, the place of domicile of the Group's operating entities. Substantially all the non-current assets of the Group are located in the PRC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest income on bank deposits	17	16
Net gains on disposals of property, plant and equipment	–	51
Net sales of moulds and leftover	70	405
Government grants	274	602
	361	1,074

6. FINANCE COSTS

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest on bank borrowings	1,004	874
Interest on lease liabilities	61	87
Interest on other borrowings	347	56
Finance costs arising on early redemption of note receivables	240	162
	1,652	1,179

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

7. LOSS BEFORE TAX

Loss for the period has been arrived at after charging:

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Employee benefits expense (including directors' emoluments):		
Salaries, allowances and other benefits in kind	12,285	9,687
Contributions to defined contribution plan	939	447
Total employee benefits expenses	13,224	10,134
Auditors' remuneration	8	8
Depreciation of right-of-use assets (included in cost of sales and administrative expenses)	225	167
Depreciation of property, plant and equipment	2,100	1,841
(Reversal)/provision for impairment loss on trade receivables	(85)	464
Expenses related to short-term lease (included in cost of sales)	–	212
Research and development costs recognised as expense (included in administrative expenses)	4,458	–
Cost of inventories recognised as an expense	55,763	42,900

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

8. INCOME TAX (EXPENSES)/CREDIT

	Six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Current tax		
PRC Enterprise Income Tax ("EIT")		
– Over provision in prior year	–	(34)
Deferred tax	(21)	116
Total income tax (expenses)/credit for the six months recognised in profit or loss	(21)	82

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the periods ended 30 June 2021 and 2020.

PRC subsidiary is subject to PRC EIT at 25% for the six months ended 30 June 2021 and 2020.

Taxation arising in other jurisdiction is calculated at the rates prevailing in the relevant jurisdiction.

9. DIVIDENDS

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

10. LOSSES PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2021 (unaudited)	2020 (unaudited)	2021 (unaudited)	2020 (unaudited)
Loss for the period and attributable to owners of the Company (RMB'000)	(2,048)	(389)	(3,682)	(2,188)
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	420,000	420,000	420,000	420,000

For the three months ended and six months ended 30 June 2021 and 2020, the calculation of the basic losses per share attributable to owners of the Company was based on (i) loss attributable to owners of the Company and (ii) weighted average number of ordinary shares issued during all periods.

The diluted losses per share is equal to the basic losses per share as there were no dilutive potential ordinary shares in issue during all periods.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

11. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Current assets		
Trade receivables	51,881	53,862
Less: Provision for impairment losses on trade receivables	(1,587)	(1,672)
	50,294	52,190
Note receivables (Note (i))	443	2,414
Deposits, prepayments and other receivables	18,197	11,030
	68,934	65,634
Non-current assets		
Deposits (Note (ii))	2,008	2,008
	70,942	67,642

Notes:

- (i) Note receivables are received from customers under ordinary course of business. All of them are bank acceptance notes with a maturity period within six months.
- (ii) The amounts represent refundable performance securities for other borrowings.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

11. TRADE AND OTHER RECEIVABLES (Continued)

An aging analysis of trade receivables based on the revenue recognition date is as follows:

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
0 – 90 days	42,351	49,524
91 – 180 days	6,827	2,263
Over 180 days	2,703	2,075
	51,881	53,862

The credit terms granted to customers are varied and are generally the result of negotiations between individual customers and the Group. The credit period was ranging from 60 days to 180 days upon the issue of invoices to its customers for the period/year ended 30 June 2021 and 31 December 2020. No interest is charged on overdue receivables.

As at 30 June 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB4,254,000 (2020: approximately RMB4,280,000) which are past due as at the reporting date. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

Impairment assessment on trade receivables subject to ECL model

The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9. The debtors are grouped under a provision matrix based on shared credit risk characteristics. For the period ended 30 June 2021, reversal of provision of approximately RMB85,000 (2020: additional provision of approximately RMB1,030,000) was made against the gross amounts of trade receivables.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

12. TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Trade payables	29,723	31,883
Other payables and accruals	10,197	11,457
Contract liabilities	46	106
	39,966	43,446

The following is an aged analysis of trade payables based on the invoice date:

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
0 – 90 days	21,062	22,020
91 – 180 days	5,937	5,997
181 – 365 days	1,108	2,286
Over 365 days	1,616	1,580
	29,723	31,883

13. SUBSEQUENT EVENT

As from 30 June 2021 to the date of this report, the Board is not aware of any significant events requiring disclosure that have occurred.

OTHER INFORMATION

DIVIDENDS

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

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

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO") which were notified to the Company and the Hong Kong Stock Exchange Limited pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(i) Long position in the Shares

Name of Director	Capacity/ Nature of interest	Number of Shares held/ interested in	Percentage of shareholding
Mr. Fan Baocheng ("Mr. Fan") (Note 1)	Interest in a controlled corporation	223,650,000	53.25%
Mr. Zhou Zhen Dong ("Mr. Zhou") (Note 2)	Interest in a controlled corporation	91,350,000	21.75%

OTHER INFORMATION

Notes:

1. Mr. Fan beneficially owns 100% of the entire issued share capital of Wang Mao Investments Limited (“**Wang Mao Investments**”). Therefore, Mr. Fan is deemed, or taken to be, interested in all the Shares held by Wang Mao Investments for the purposes of the SFO. Mr. Fan is a director of Wang Mao Investments.
2. Mr. Zhou beneficially owns 100% of the entire issued share capital of Season Empire Group Limited (“**Season Empire Group**”). Therefore, Mr. Zhou is deemed, or taken to be, interested in all the Shares held by Season Empire Group for the purposes of the SFO. Mr. Zhou is a director of Season Empire Group.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Capacity/ Nature	Number of shares held/ interested in	Percentage of interest in the associated corporation
Mr. Fan	Wang Mao Investments	Beneficial owner	1	100%
Mr. Zhou	Season Empire Group	Beneficial owner	1	100%

Save as disclosed above, as at the date of this report, none of the Directors or Chief Executive had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO) or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

OTHER INFORMATION

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHERS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as our Directors are aware, the following persons (not being a Director or chief executive of our Company) had interests or short positions in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Long position in the Shares

Name	Capacity/ Nature of interest	Number of Shares held/ interested in	Percentage of interest in the Company
Wang Mao Investments	Beneficial interest	223,650,000	53.25%
Ms. Cao Lele (" Ms. Cao ") (Note 1)	Interest of spouse	223,650,000	53.25%
Season Empire Group	Beneficial interest	91,350,000	21.75%

Note:

1. Ms. Cao is the spouse of Mr. Fan. Ms. Cao is deemed or taken to be interested in all Shares in which Mr. Fan has, or is deemed to have, an interest for the purpose of the SFO.

Save as disclosed above, as at 30 June 2021, the Company had not been notified by any party (not being a Director and chief executive of the Company) who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to section 336 of the SFO.

OTHER INFORMATION

DIRECTORS' INTEREST IN A COMPETING BUSINESS

For the six months ended 30 June 2021 and up to the date of this report, the Directors confirm that none of the Directors or Controlling Shareholders of the Company or any of their respective close associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete, directly or indirectly, with the business of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group's current assets were RMB112.6 million (31 December 2020: RMB118.4 million), of which RMB24.9 million (31 December 2020: RMB34.2 million) were cash and bank balances. As at 30 June 2021, the consolidated net asset value of the Group amounted to RMB77.9 million, representing a decrease of approximately 4.8% as compared to RMB81.8 million at 31 December 2020.

The gearing ratio (dividing debts comprising of bank borrowings, other borrowings and lease liabilities by total equity) of the Group was approximately 48.2% (31 December 2020: 45.7%).

As at 30 June 2021, the share capital of the Company was RMB3.4 million (31 December 2020: RMB3.4 million). The Group's consolidated reserves were RMB74.5 million (31 December 2020: RMB78.4 million). As at 30 June 2021, the Group had total current liabilities of RMB75.4 million (31 December 2020: RMB76.8 million), mainly comprising trade and other payables and bank borrowings. The total non-current liabilities of the Group amounted to RMB4.1 million (31 December 2020: RMB6.1 million), which represented lease liabilities, other borrowings and deferred tax liabilities.

OTHER INFORMATION

CAPITAL STRUCTURE OF THE GROUP

The capital structure of the Group consists of debts, which include bank borrowings, other borrowings and lease liabilities and equity reserves attributable to owners of the Company, comprising issued share capital and various reserves.

The Directors review the capital structure on a semi-annual basis. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the management of the Company, the Group will balance its overall capital structure through new share issues and share buy-backs as well as the issue of new debts or the redemption of existing debts. The Group's monetary assets, liabilities and transactions are mainly denominated in RMB. The Group was not engaged in any hedging by financial instruments in relation to exchange rate risk. The Group is closely monitoring the risk and will apply appropriate hedging instruments when it is needed.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the paragraphs headed "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company" and "Share Option Scheme" in this report, at no time during the six months ended 30 June 2021 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

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

During the six months ended 30 June 2021 and up to the date of this report, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the Shares of the Company (the "**Code of Conduct**"). The Company has made specific enquiry of all Directors and all Directors have confirmed that, they have fully complied with the required standard of dealings set out in the Code of Conduct and there was no event of any non-compliance for the six months ended 30 June 2021 and up to the date of this report.

OTHER INFORMATION

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Save as disclosed below, to the best knowledge of the Directors, during the six months ended 30 June 2021 and up to the date of this report, the Company has complied with all the applicable code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix 15 to the GEM Listing Rules. CG Code provision A.2.1 stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Fan is the chairman of the Board and the chief executive officer of the Company. In view of Mr. Fan being one of the founders of our Group and has been operating and managing Chuzhou Xiezhong Home Appliance Accessories Co., Ltd* (滁州市協眾家電配件有限公司), the operating subsidiary of the Company, since 2010, the Board believes that it is in the best interest of the Group to have Mr. Fan taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstance.

The Directors will continue to review and consider splitting the roles of chairman and chief executive of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “**Share Option Scheme**”) on 31 March 2018. No share option has been granted under the Share Option Scheme for the period ended 30 June 2021 and up to the date of this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Directors confirm that the Company complies with the minimum of public float of 25% during the six months ended 30 June 2021 and up to the date of this report.

OTHER INFORMATION

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

An audit committee has been established by the Board on 31 March 2018 with its terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules, and paragraphs C.3.3 and C.3.7 of the CG Code. The audit committee consists of three members, namely, Mr. Chan Chun Chi, Mr. Liang Chi and Mr. Ho Ka Chun, all being independent non-executive Directors. Mr. Chan Chun Chi currently serves as the chairman of the audit committee.

The audit committee is to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, by satisfying themselves as to the effectiveness of the internal controls of the Group, and as to the adequacy of the external and internal audits.

The audit committee of the Board and the management of the Company have reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2021. The audit committee is of the opinion that the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2021 complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable requirements, that adequate disclosures have been made.

By order of the Board

Bao Shen Holdings Limited

Fan Baocheng

Chairman and Executive Director

Chuzhou City, the PRC, 10 August 2021

As at the date of this report, our executive directors are Mr. Fan Baocheng and Mr. Zhou Zhen Dong, and our independent non-executive directors are Mr. Liang Chi, Mr. Ho Ka Chun and Mr. Chan Chun Chi.

* The English translation of Chinese name or words in this report, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese name or words.