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## **Baiying Holdings Group Limited**

**百應控股集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8525)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Baiying Holdings Group Limited (the “**Company**”) and its subsidiaries, the “**Group**”) is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2022. This announcement, containing the full text of the 2022 interim report of the Company (the “**Report**”), complies with the relevant requirements of The Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of interim results. Printed version of the Report containing the information required by the GEM Listing Rules will be delivered to the shareholders of the Company and available for viewing on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and of the Company at [www.byleasing.com](http://www.byleasing.com) in due course.

By order of the Board  
**Baiying Holdings Group Limited**  
**Zhou Shiyuan**  
*Chairman*

Fujian Province, the PRC, 11 August 2022

*As at the date of this announcement, the executive Directors are Mr. Zhou Shiyuan, Mr. Chen Xinwei and Mr. Huang Dake; the non-executive Director is Mr. Ke Jinding; and the independent non-executive Directors are Mr. Chen Chaolin, Mr. Tu Liandong and Mr. Xie Mianbi.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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 announcement is accurate and complete in all material respects and not misleading or deceptive; and (2) there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) for at least 7 days from the date of its posting and on the Company’s website at [www.byleasing.com](http://www.byleasing.com).*

## **CHARACTERISTICS OF GEM**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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# CONTENTS

<b>2</b>	Definitions
<b>4</b>	Corporate Information
<b>6</b>	Management Discussion and Analysis
<b>24</b>	Other Information
<b>28</b>	Independent Review Report
<b>29</b>	Consolidated Statement of Profit or Loss
<b>30</b>	Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>31</b>	Consolidated Statement of Financial Position
<b>33</b>	Consolidated Statement of Changes in Equity
<b>34</b>	Condensed Consolidated Cash Flow Statement
<b>35</b>	Notes to the Unaudited Interim Financial Report

# Definitions

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Baiying Paper”	Fujian Baiying Paper Co., Ltd.* (福建百應紙業有限公司), a company established in the PRC on 13 January 2021, a subsidiary of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to “China” and “PRC” do not apply to Taiwan, Macau Special Administrative Region and Hong Kong
“Company”	Baiying Holdings Group Limited (百應控股集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 5 June 2017, the Shares of which are listed on GEM (stock code: 8525)
“Director(s)”	the director(s) of the Company
“Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Fujian Province” or “Fujian”	Fujian Province (福建省), a province located in the southeastern coast of China
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”, “we”, “us” or “our”	the Company and its subsidiaries from time to time
“HDK Capital”	HDK Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Qiaoxin”	Fujian Yongchun Qiaoxin Brewing Co., Ltd.* (福建永春僑新釀造有限責任公司), a company established in the PRC on 23 April 2020, an indirectly wholly-owned subsidiary of the Company
“Reporting Period”	the period for the six months ended 30 June 2022
“RMB”	Renminbi, the lawful currency for the time being of the PRC

## Definitions

“Septwolves Holdings”	Septwolves Holdings Limited, a company incorporated in BVI with limited liability on 26 May 2017
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Baiying”	Shanghai Baiying Commercial Factoring Co., Ltd.* (上海百應商業保理有限責任公司), a company established in the PRC with limited liability on 11 January 2019, an indirectly wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) with a par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shengshi Capital”	Shengshi Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017
“SMEs”	small and medium-sized enterprise(s), as defined in the statistics on the Measures for Classification of Large, Medium, Small and Minature Enterprises (2017) (統計上大中小微型企業劃分辦法(2017))
“VAT”	value-added tax
“Xiamen Baiying”	Xiamen Baiying Leasing Co., Ltd.* (廈門百應融資租賃有限責任公司), a company established in the PRC with limited liability on 9 March 2010, an indirectly wholly-owned subsidiary of the Company
“Zijiang Capital”	Zijiang Capital Limited, a company incorporated in BVI with limited liability on 26 May 2017

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

# Corporate Information

## DIRECTORS

### Executive Directors

Mr. Zhou Shiyuan (*Chairman*)  
Mr. Chen Xinwei  
Mr. Huang Dake

### Non-executive Director

Mr. Ke Jinding

### Independent Non-executive Directors

Mr. Chen Chaolin  
Mr. Tu Liandong  
Mr. Xie Mianbi

## AUDIT COMMITTEE

Mr. Tu Liandong (*Chairman*)  
Mr. Chen Chaolin  
Mr. Ke Jinding

## REMUNERATION COMMITTEE

Mr. Chen Chaolin (*Chairman*)  
Mr. Xie Mianbi  
Mr. Huang Dake

## NOMINATION COMMITTEE

Mr. Zhou Shiyuan (*Chairman*)  
Mr. Tu Liandong  
Mr. Xie Mianbi

## JOINT COMPANY SECRETARIES

Ms. Wang Yingqin  
Ms. Ng Ka Man (*ACG, HKACG*)

## AUTHORISED REPRESENTATIVES

Mr. Huang Dake  
Ms. Ng Ka Man

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS/PRINCIPAL PLACE OF BUSINESS IN THE PRC

Unit 1, 30/F  
No. 77, Tai Nan Road  
Siming District, Xiamen  
Fujian Province  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31/F, Tower Two  
Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

## COMPANY WEBSITE

[www.byleasing.com](http://www.byleasing.com)

## STOCK CODE

8525

## AUDITORS

KPMG

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

## LEGAL ADVISERS TO THE COMPANY

Llinks Law Offices LLP

*(as to Hong Kong laws)*

Beijing Yingke Law Firm (Xiamen) Office

*(as to PRC laws)*

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

*(With effect from 15 August 2022)*

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

## PRINCIPAL BANKERS

Agricultural Bank of China (Dongdu Branch)

No. 77 Dongdu Road

Siming District, Xiamen

Fujian Province

PRC

China Everbright Bank (Xiamen Branch)

China Everbright Bank Building

No. 81 Hubin South Road

Siming District, Xiamen

Fujian Province

PRC

Bank of China (Hong Kong) Limited

1 Garden Road

Hong Kong

# Management Discussion and Analysis

## Business Overview

We are primarily a finance leasing company in Fujian Province dedicated to providing equipment-based financing solutions to our customers. We provide customized services to meet specific needs and requirements of our customers by closely interacting with them to determine the appropriate interest rates, repayment plans and terms of our services based on their businesses, cash flows and sources of payment. Our customers are mainly SMEs and entrepreneurial individuals, and also include reputable large enterprises. While our Group remains focused in developing the finance leasing business and factoring business, we also actively look for opportunities to expand into other areas of business. On 23 April 2020, we established Qiaoxin, a vinegar manufactory in the PRC, with a registered capital of RMB50,000,000, to diversify our business. On 13 January 2021, we also established Baiying Paper to expand our business portfolio into the packaging and paper products trading industry. These new businesses will not affect our financial services business.

We served 115 customers located in 16 provinces in China for the six months ended 30 June 2022. Our revenue increased from RMB15.2 million for the six months ended 30 June 2021 to RMB17.9 million for the six months ended 30 June 2022. We recorded a profit of RMB1.2 million for the six months ended 30 June 2021 and a loss of RMB13.4 million for the six months ended 30 June 2022. The revenue generated from our financial services was RMB7.3 million for the six months ended 30 June 2022. The revenue generated from the sale of vinegar and wine products was RMB0.09 million for the six months ended 30 June 2022. The revenue generated from packaging and paper products trading was RMB10.6 million for the six months ended 30 June 2022. We will continue to enhance our finance leasing business and take the opportunity of the upgrade and replacement of the manufacturing equipment to promote our operational quality and business growth by promoting the direct lease business, sale-leaseback business and factoring services. We also plan to strengthen our sales and marketing abilities in major cities of the Yangtze River Delta and the Pearl River Delta.

## Financial Services

### *Finance Leasing Services*

We primarily offered two types of finance leasing services, namely, direct finance leasing and sale-leaseback, to our customers. Direct finance leasing is mainly used to satisfy the need of our customers to commence new projects, expand production, make advancements in technology and have finance demands to purchase new equipment. Sale-leaseback is primarily used by our customers to fund their business operations. Through sale-leaseback, our customers sell the assets, of which they have the ownership, to us to finance their working capital and then we lease the sold assets back. We usually enter into financial leasing agreements with our customers which sets out major terms such as the leased asset concerned, purchase price of the leased asset, term of the lease, the payment schedule of the lease payments, security deposit (if any), management fee (if any), transfer of title clause and insurance for the leased asset, which will usually be paid by our customers. In addition, depending on the credit profile of our customers, we may require our customers to provide other collaterals, such as immovable property. For the six months ended 30 June 2022, our revenue from finance leasing service was RMB5.5 million, accounting for 30.7% of our total revenue.



## Management Discussion and Analysis

The following table sets forth average monthly balance of the interest-generating receivables arising from finance leasing services and the range of corresponding interest rate for the periods indicated:

	For the six months ended 30 June 2022	For the year ended 31 December 2021
Average monthly balance of interest-generating receivables arising from finance leasing services ( <i>RMB'000</i> )		
– Direct finance leasing	<b>11,627</b>	17,908
– Sale-leaseback	<b>73,883</b>	119,184
Range of interest rate per annum		
– Direct finance leasing	<b>10.5% to 14.0%</b>	10.5% to 18.1%
– Sale-leaseback	<b>9.5% to 20.8%</b>	9.5% to 20.8%

The following table sets forth the credit quality analysis of our finance lease receivables as of the dates indicated:

	As of 30 June 2022 <i>RMB'000</i>	As of 31 December 2021 <i>RMB'000</i>
Neither overdue nor credit-impaired	<b>8,687</b>	15,617
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	<b>782</b>	115
– Overdue 30 to 90 days (inclusive)	–	76
– Overdue above 90 days	–	–
Overdue and credit-impaired	<b>61,968</b>	67,266
Net amount of finance lease receivables	<b>71,437</b>	83,074
Allowances for impairment losses	<b>(34,413)</b>	(27,967)
Carrying amount of finance lease receivables	<b>37,024</b>	55,107

Our net amount of finance lease receivables classified as overdue and credit-impaired decreased from RMB67.3 million as of 31 December 2021 to RMB62.0 million as of 30 June 2022 mainly because of the collection of finance lease receivables of RMB4.6 million from one default agreement.

## Management Discussion and Analysis

The following table sets forth the credit quality analysis of receivables from sale-leaseback transactions as of the dates indicated:

	As of 30 June 2022 RMB'000	As of 31 December 2021 RMB'000
Neither overdue nor credit-impaired	55,267	107,000
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	2,022	2,127
– Overdue 30 to 90 days (inclusive)	11,320	–
– Overdue above 90 days	–	–
Overdue and credit-impaired	7,080	11,969
Receivables from sale-leaseback transaction	75,689	121,096
Allowances for impairment losses	(7,034)	(9,911)
<b>Carrying amount of receivables from sale-leaseback transaction</b>	<b>68,655</b>	<b>111,185</b>

Our receivables from sale-leaseback transaction classified as overdue and credit-impaired decreased from RMB12.0 million as of 31 December 2021 to RMB7.1 million as of 30 June 2022 because of (i) the settlement of one default agreement and the collection of net amount of receivables from sale-leaseback transaction of RMB3.9 million; (ii) the repayment of RMB3.0 million from one default agreement; and (iii) the addition of one default agreement overdue for more than 90 days.

The allowances for impairment losses of finance lease receivables and receivables from sale-leaseback transaction were provided on expected credit loss model. The following tables set forth our loss allowance as of the dates indicated:

	As of 30 June 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Net amount of finance lease receivables	9,469	–	61,968	71,437
Allowances for impairment losses	(197)	–	(34,216)	(34,413)
<b>Carrying amount of finance lease receivables</b>	<b>9,272</b>	<b>–</b>	<b>27,752</b>	<b>37,024</b>
Receivables from sale-leaseback transaction	57,289	11,320	7,080	75,689
Allowances for impairment losses	(1,114)	(1,090)	(4,830)	(7,034)
<b>Carrying amount of receivables from sale-leaseback transaction</b>	<b>56,175</b>	<b>10,230</b>	<b>2,250</b>	<b>68,655</b>

## Management Discussion and Analysis

	12-month ECL RMB'000	As of 31 December 2021		Total RMB'000
		Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	
Net amount of finance lease receivables	15,732	76	67,266	83,074
Allowances for impairment losses	(441)	(6)	(27,520)	(27,967)
<b>Carrying amount of finance lease receivables</b>	<b>15,291</b>	<b>70</b>	<b>39,746</b>	<b>55,107</b>
Receivables from sale-leaseback transaction	109,127	–	11,969	121,096
Allowance for impairment losses	(2,635)	–	(7,276)	(9,911)
<b>Carrying amount of receivables from sale-leaseback transaction</b>	<b>106,492</b>	<b>–</b>	<b>4,693</b>	<b>111,185</b>

### Factoring Services

In addition to finance leasing services, we also provided factoring services to our customers. Factoring service is primarily used by our customers who need working capital to fund their business operations. Shanghai Baiying, a company established in Shanghai, the PRC, lays a foundation for the development of our factoring services and expansion in the Yangtze River Delta Region.

For the six months ended 30 June 2022, our revenue from factoring services was RMB1.8 million, accounting for 9.8% of our total revenue.

The following table sets forth the average monthly balance of our factoring services and the range of corresponding interest rate for the periods indicated:

	For the six months ended 30 June 2022	For the year ended 31 December 2021
Average monthly balance of factoring receivables (RMB'000)	<b>58,655</b>	31,300
Range of interest rate	<b>8.0% to 9.0%</b>	8.0% to 15.6%

## Management Discussion and Analysis

The following tables set forth our loss allowance as of the dates indicated:

	As of 30 June 2022			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Factoring receivables	105,195	–	1,983	107,178
Allowances for impairment losses	(2,833)	–	(1,407)	(4,240)
Carrying amount of factoring receivables	102,362	–	576	102,938

  

	As of 31 December 2021			
	12-month ECL RMB'000	Lifetime ECL not credit- impaired RMB'000	Lifetime ECL credit- impaired RMB'000	Total RMB'000
Factoring receivables	33,108	–	2,483	35,591
Allowances for impairment losses	(903)	–	(1,125)	(2,028)
Carrying amount of factoring receivables	32,205	–	1,358	33,563

### *Advisory Services*

Leveraging our experience in arranging finance leases for our customers, we also provide advisory services with regard to project coordination, contract drafting and negotiation, project management, project financing and its compliance with relevant regulatory requirements. For the six months ended 30 June 2022, we did not recognise any revenue from the provision of advisory services despite having provided services relating to one advisory service agreement involving a construction project with a total investment of approximately RMB1,142 million, primarily due to the settlement progress of the relevant construction project had yet to meet the criteria for revenue recognition.

### **Manufacture and Sale of Vinegar and Wine Products**

We commenced the manufacture and sale of vinegar and wine products through Qiaoxin since January 2022. As at 30 June 2022, the revenue generated from the sale of vinegar and wine products were through the sale of cooking wine.

For the six months ended 30 June 2022, the revenue from sales of vinegar and wine products was RMB0.09 million, accounting for 0.5% of our total revenue.

The cost of sales of vinegar and wine products was RMB0.07 million for the six months ended 30 June 2022, mainly consisted of the procurement cost of RMB0.07 million.

For the six months ended 30 June 2022, the gross profit of sales of vinegar and wine products was RMB0.02 million.

### **Packaging and Paper Products Trading**

We conduct our packaging and paper products trading through Baiying Paper since January 2021. For the six months ended 30 June 2022, the products we sold to our customers were packaging paper and all of our customers were either in the paper industry or were trading companies.

For the six months ended 30 June 2022, the revenue from sales of packaging and paper products was RMB10.6 million, accounting for 59.0% of our total revenue.

The cost of sales of packaging and paper products was RMB10.3 million for the six months ended 30 June 2022 mainly consisted of the procurement cost of RMB10.3 million.

For the six months ended 30 June 2022, the gross profit of packaging and paper products trading business was RMB0.3 million.

## Management Discussion and Analysis

### Compliance with Key Regulatory Requirements

The following table summarizes the key statutory capital requirements and lending restrictions applicable to us and our compliance status for the six months ended 30 June 2022:

#### Key requirements

A foreign-funded finance leasing company shall not provide in any form direct or indirect financing for local governments' financing platform companies that undertake public welfare duties.

The total assets of the foreign investor(s) of a foreign-funded finance leasing company shall not be less than US\$5 million and the foreign investor(s) shall not be in insolvency and ordinarily shall have been existed more than one year.

The registered capital of a foreign-funded finance leasing company shall not be less than US\$10 million and the proportion of the foreign investment shall not be lower than 25%.

A foreign-funded finance leasing company shall have professional staff. Its senior management team shall have professional qualifications and no less than three years of experience in the relevant industries.

The term of operation of a foreign-funded finance leasing company shall generally not exceed 30 years.

A foreign-funded finance leasing company shall contain the words "finance leasing" (融資租賃) in its corporate name and shall not contain the words "financial lease" (金融租賃) in its corporate name or its business scope.

A finance leasing company can conduct guarantee business only in relation with its leasing transactions, but shall not contain the word "guarantee" in its corporate name and shall not take guarantee business as its main business.

#### Compliance status

Our Group complied with such requirement for the six months ended 30 June 2022.

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### Key requirements

A finance leasing company shall not engage in deposit taking (吸收存款), lending (發放貸款), entrusted lending (受託發放貸款), and without the approval of the competent authority, shall not engage in inter-bank borrowing and is prohibited from carrying out illegal fund-raising activities under the disguise of finance leasing in any circumstances.

As a general practice and according to the Measures for the Administration of Entrusted Loans of Commercial Banks (商業銀行委託貸款管理辦法) and General Rules for Loans (貸款通則), a company is allowed to entrust a commercial bank to provide loans to a third party.

A finance leasing company shall not accept any property to which a lessee has no disposal rights or on which any mortgage has been created, or which has been sealed or seized by any judicial organs, or whose ownership has any other defects as the subject matter of a sale-leaseback transaction.

Risk assets of a finance leasing company shall not exceed eight times of its total net assets. The portion of assets under finance leasing and other leasing of a finance leasing company shall not be less than 60% of its total assets. The fix-income securities investment business carried out by a finance leasing company shall not exceed 20% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with a single lessee or a single related party shall not exceed 30% of its net assets. The aggregate balance of the financial leasing businesses conducted by the financial leasing company with all related parties shall not exceed 50% of its net assets. The balance of financing with a single shareholder and its related parties shall not exceed the shareholder's capital contribution to the financial leasing company and the aggregate balance of the financial leasing businesses conducted by the financial leasing company with such shareholder shall not exceed 30% of its net assets.

A company engaged in food production, food sales and catering services should be licensed according to the applicable laws.

### Compliance status

Our Group complied with such requirement for the six months ended 30 June 2022.

Our Group complied with such applicable requirement for the six months ended 30 June 2022.

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Our Group complied with such requirement for the six months ended 30 June 2022.

## Management Discussion and Analysis

### Financial Overview

#### Results of Operations

##### Revenue

Our revenue consists of interest income, income from sales of packaging and paper products, and income from sales of vinegar and wine products. During the Reporting Period, our interest income consisted of interests in installments and one-time management fees received from our finance leasing and factoring services, all of our income from packaging and paper products trading business were driven from sales of packaging paper, and all of our income from manufacture and sale of vinegar and wine products were driven from sales of cooking wine. The following table sets forth our revenue by business type for the periods indicated:

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Interest Income:</b>		
Finance leasing services	5,502	10,108
– Direct finance leasing	593	1,256
– Sale-leaseback	4,909	8,852
Factoring services	1,756	1,404
<b>Advisory Fee Income:</b>		
Advisory services	–	236
<b>Income from packaging and paper products trading business:</b>		
Sales of packaging paper	10,586	3,443
<b>Income from manufacture and sale of vinegar and wine products:</b>		
Sales of cooking wine	94	–
<b>Total</b>	<b>17,938</b>	<b>15,191</b>

Our revenue increased from RMB15.2 million for the six months ended 30 June 2021 to RMB17.9 million for the six months ended 30 June 2022 mainly due to the increase in our packaging and paper products trading business of RMB7.1 million, partially offset by the decrease in finance leasing services of RMB4.6 million.

#### Other Net Income

Our other net income mainly consists of government grants, interest income from deposits with financial institutions and interest income from advance to a related party.

Our other net income slightly decreased from RMB0.7 million for the six months ended 30 June 2021 to RMB0.6 million for the six months ended 30 June 2022.



### Interest Expense

Interest expenses mainly consist of interest expenses on our interest-bearing borrowings and imputed interest expense on interest-free guaranteed deposits from lessees. We incur interest expenses on borrowings which are principally used to fund our finance leasing business.

Our gearing ratio was 0.1 times as of 31 December 2021 and 0.2 times as of 30 June 2022. The gearing ratio is a measure of financial leverage. It represents total interest-bearing borrowings divided by total equity as of 30 June 2022.

Our interest expenses decreased from RMB2.3 million for the six months ended 30 June 2021 to RMB1.9 million for the six months ended 30 June 2022 mainly due to the decrease in average monthly balance of loans.

### Operating Expenses

Our operating expenses primarily consist of staff cost, consulting expenses, legal expenses, depreciation, amortization and auditor's remuneration. The table below sets forth the components of our operating expenses by nature for the periods indicated:

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Staff cost	1,686	2,697
Legal expenses	163	626
Consulting expenses	283	–
Business travel and transportation expenses	257	231
Amortisation cost of intangible assets	45	62
Depreciation charge		
– owned property, plant and equipment	470	84
– right-of-use assets	304	406
Property management expenses	145	130
Auditor's remuneration	660	340
Research and development expenses	388	–
Sundry expenses	1,456	912
<b>Total operating expenses</b>	<b>5,857</b>	<b>5,488</b>

Our operating expenses slightly increased from RMB5.5 million for the six months ended 30 June 2021 to RMB5.9 million for the six months ended 30 June 2022.

## Management Discussion and Analysis

### Impairment Losses Charged

Our impairment losses charged mainly include impairment losses charged on loans and receivables and finance lease receivables. The table below sets forth our total impairment losses charged by asset types for the periods indicated:

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Loans and receivables	(665)	(4,118)
Finance lease receivables	6,446	4,884
Trade and other receivables	87	498
<b>Total impairment losses charged</b>	<b>5,868</b>	<b>1,264</b>

Our impairment losses charged increased from RMB1.3 million for the six months ended 30 June 2021 to RMB5.9 million for the six months ended 30 June 2022 primarily due to a decrease in the estimated recoverable amount from one default agreement resulting in an increase of RMB6.0 million in impairment losses. The estimation of the recoverable amount of such default agreement is based on the starting and retention price in public auction of the relevant collaterals under such default agreement and further discounted based on a variety of factors including the geographical location of the collateral and its difficulty of disposal, estimated time and cost of disposal, as well as the estimated present value of cashflows generated from the collateral. Given that the relevant collateral under the default agreement was bought-in in two rounds of public auction, coupled with the difficulty and prolonged process for disposing the collateral, which resulted in a decrease in the estimated recoverable amount.

### Sales Expense

Our sales expenses for the six months ended 30 June 2022 was RMB0.5 million.

Our sales expenses mainly include staff cost of RMB0.4 million.

### Income Tax Expense

We recorded income tax expense of RMB0.3 million for the six months ended 30 June 2021 and income tax expense of RMB7.1 million for the six months ended 30 June 2022 primarily because we were unable to obtain the supporting documents of recognising impairment losses for tax deduction for the time being, resulting in the non-recognition of deferred tax assets arising from such impairment losses and hence an increase in income tax expense.

The Directors confirm that we have paid all relevant taxes and are not subject to any dispute or unresolved tax issues with the relevant tax authorities in the PRC.

### Loss for the Period

We recorded a profit of RMB1.2 million for the six months ended 30 June 2021 and a loss of RMB13.4 million for the six months ended 30 June 2022 mainly due to the increase in our impairment losses charged and income tax expense.

### Liquidity and Capital Resources

We primarily funded our operations and expansions through interest-bearing borrowings, our Shareholders' equity, cash flows from our operations and net proceeds from the share offer. Our liquidity and capital requirements primarily relate to our finance leasing and factoring businesses and other working capital requirements. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while maintaining a healthy level of business scale and expansion.

### Cash Flows

The following table sets forth a selected summary of our cash flow statement for the periods indicated:

	For the six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Cash and cash equivalents at beginning of the period	19,146	26,245
Net cash flows (used in)/generated from operating activities	(23,319)	10,015
Net cash flows used in investing activities	(16,237)	(2,025)
Net cash flows generated from/(used in) financing activities	26,426	(1,801)
Net (decrease)/increase in cash and cash equivalents	(13,130)	6,189
Effect of foreign exchange rate changes	(160)	21
Cash and cash equivalents at end of the period	5,856	32,455

#### *Net cash flows used in operating activities*

For the six months ended 30 June 2022, we had net cash used in operating activities of RMB23.3 million, primarily as a result of operating profit before changes in working capital of RMB3.5 million and the negative effect of the changes in working capital, which consisted of: (i) the decrease in cash of RMB26.2 million as a result of the increase in the loans and receivables; (ii) the decrease in cash of RMB6.0 million as a result of the decrease in trade and other liabilities; and (iii) the decrease in cash of RMB5.1 million as a result of the increase in inventories, partially offset by the increase in cash of RMB11.6 million as a result of the decrease in finance lease receivables.

#### *Net cash flows used in investing activities*

For the six months ended 30 June 2022, our net cash used in investing activities was RMB16.2 million. Our net cash inflow used in investing activities mainly consisted of (i) the payments on acquisition of investments of RMB142.8 million; (ii) the payment of purchase of property, plant and equipment of RMB26.0 million; and (iii) the lending to related parties of RMB8.0 million, partially offset by the proceeds from disposal and redemption of investments of RMB160.4 million.

#### *Net cash flows generated from financing activities*

For the six months ended 30 June 2022, our net cash flows generated from financing activities was RMB26.4 million. Our net cash flows generated from financing activities mainly consisted of: the proceeds from borrowings of RMB43.4 million, partially offset by the repayment of borrowings of RMB15.7 million.

## Management Discussion and Analysis

### Selected Items of the Consolidated Statements of Financial Position

	As of 30 June 2022 RMB'000	As of 31 December 2021 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	90,582	70,190
Intangible assets	393	438
Interest in associate	4,841	–
Loans and receivables	24,213	50,432
Finance lease receivables	53	3,197
Trade and other receivables	43	223
Financial assets at fair value through profit or loss	–	181
Deferred tax assets	7,102	13,744
Total non-current assets	127,227	138,405
<b>Current assets</b>		
Loans and receivables	147,380	94,316
Finance lease receivables	36,971	51,910
Trade and other receivables	19,375	12,319
Financial assets at fair value through profit or loss	17,706	40,449
Inventories	5,924	851
Cash and cash equivalents	5,856	19,146
Total current assets	233,212	218,991
<b>Current liabilities</b>		
Borrowings	54,826	17,733
Trade and other liabilities	26,621	26,164
Income tax payable	1,820	3,579
Lease liabilities	403	786
Deferred income	100	2,154
Total current liabilities	83,770	50,416
<b>Net current assets</b>	149,442	168,575
<b>Non-current liabilities</b>		
Trade and other liabilities	8,182	14,765
Lease liabilities	389	1,186
Borrowings	–	9,400
Total non-current liabilities	8,571	25,351
<b>Net assets</b>	268,098	281,629

Our total current assets increased from RMB219.0 million as of 31 December 2021 to RMB233.2 million as of 30 June 2022 primarily due to the increase in the loans and receivables of RMB69.4 million as a result of the addition of factoring services, partially offset by (i) the decrease in the carrying amount of receivable arising from finance leasing service of RMB31.3 million; and (ii) the decrease in financial assets at fair value through profit or loss of RMB22.7 million.

Our total current liabilities increased from RMB50.4 million as of 31 December 2021 to RMB83.8 million as of 30 June 2022 mainly due to the increase in bank borrowings of RMB37.1 million.

Our net assets decreased from RMB281.6 million as of 31 December 2021 to RMB268.1 million as of 30 June 2022 mainly due to the increase in our total liabilities.

*Finance Lease Receivables*

Carrying amount of our finance lease receivables decreased from RMB55.1 million as of 31 December 2021 to RMB37.0 million as of 30 June 2022 mainly due to the decrease in our direct finance leasing business. For the six months ended 30 June 2022, all of our finance lease receivables were charged by fixed interest rates.

*Loans and Receivables*

Our loans and receivables increased from RMB144.7 million as of 31 December 2021 to RMB171.6 million as of 30 June 2022 mainly due to the combined effect of the decrease in receivables from sale-leaseback transaction and the increase in receivables from factoring services.

*Cash and Cash Equivalents*

Cash and cash equivalents consist of our deposits with banks. Our cash and cash equivalents decreased from RMB19.1 million as of 31 December 2021 to RMB5.9 million as of 30 June 2022.

*Trade and Other Receivables*

Our trade and other receivables mainly include advances to a related party, deductible VAT, and trade receivables.

Our trade and other receivables increased from RMB12.5 million as of 31 December 2021 to RMB19.4 million as of 30 June 2022 primarily due to the increase in advances to related party of RMB8.0 million, partially offset by the decrease in trade receivables of RMB0.8 million.

The following table sets forth the ageing analysis of trade receivables, based on invoice date, as of the dates indicated:

	As of 30 June 2022 RMB'000	As of 31 December 2021 RMB'000
Within three months	3,118	3,927
Less: Allowances for impairment losses	(34)	(252)
<b>Total</b>	<b>3,084</b>	3,675

## Management Discussion and Analysis

### Trade and Other Liabilities

Our trade and other liabilities mainly include guaranteed deposits from lessees, accrued staff costs and VAT payable and other tax payable.

	As of 30 June 2022 RMB'000	As of 31 December 2021 RMB'000
<b>Current liabilities</b>		
Guaranteed deposits from lessees	8,701	6,175
VAT payable and other tax payable	8,974	8,363
Accounts payable	684	431
Trade payables	11	564
Accrued staff costs	1,447	2,167
Receipts in advance	167	134
Accrued liabilities	745	772
Other payables	5,892	7,558
<b>Non-current liabilities</b>		
Guaranteed deposits from lessees	8,176	13,241
VAT payable	6	1,524
<b>Total trade and other liabilities</b>	<b>34,803</b>	<b>40,929</b>

Our trade and other liabilities decreased from RMB40.9 million as of 31 December 2021 to RMB34.8 million as of 30 June 2022 primarily due to (i) the decrease in guaranteed deposits from lessees of RMB2.5 million as a result of the decrease in finance leasing business; (ii) the decrease in other payables of RMB1.7 million; and (iii) the decrease in VAT payable and other tax payable of RMB0.9 million.

### Financial Assets at Fair Value through Profit or Loss

For the year ended 30 June 2022, our financial assets at fair value primarily consisted of wealth management products and listed securities.

We invested in wealth management products and listed securities with our laid-up capital, and the investment amount should match our capital structure in terms of scale and must not affect our ordinary business operations. All such financial assets, depending on their amounts and types, will be strictly reviewed and approved by our management at different levels. Our securities investment team conducts risk control and supervision over our investment to effectively manage the investment procedures. All these investment activities are subject to applicable laws and regulations. As of 30 June 2022, the balance of wealth management products and listed securities were RMB10.0 million and RMB7.7 million, respectively.

**Indebtedness**

*Bank Borrowings*

The following table sets forth our outstanding borrowings as of the dates indicated:

	<b>As of 30 June 2022<sup>(1)</sup> RMB'000</b>	As of 31 December 2021 RMB'000
Bank borrowings:		
– within one year	<b>54,826</b>	17,733
– after one year but within two years	–	9,400
<b>Total</b>	<b>54,826</b>	27,133

*Note:*

- (1) As of 30 June 2022, RMB40.0 million of the borrowings were guaranteed by Septwolves Group Holding Co., Ltd.\* (“Septwolves Group Holding”, 七匹狼控股集團股份有限公司) and RMB14.8 million of the borrowings were guaranteed by Fujian Septwolves Group Co., Ltd.\* (“Fujian Septwolves Group”, 福建七匹狼集團有限公司).

*Contingent Liabilities*

As of 30 June 2022, we had no contingent liability.

**Capital Expenditures**

Our capital expenditures consist primarily of expenditures for the purchase of land use right, construction in progress, office equipment and machinery. The following table sets forth our capital expenditures for the periods indicated:

	<b>For the six months ended 30 June</b>	
	<b>2022 RMB'000</b>	2021 RMB'000
Capital expenditures	<b>25,974</b>	24,326

## Management Discussion and Analysis

### Capital Commitments

As of 30 June 2022, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of the acquisitions of construction in progress and property, plant and equipment, amounted to RMB0.4 million.

### Foreign Currency Exposure

Since our Group's business activities are solely operated in the PRC and denominated in RMB, the Directors consider that our Group's risk in foreign exchange is insignificant.

### Off-balance Sheet Arrangements

As of the date of this report, we did not have any off-balance sheet arrangements.

## MATERIAL INVESTMENTS, ACQUISITION AND DISPOSALS

On 15 March 2022, Qiaoxin has successfully won the bid for the land use rights of a parcel of land situated in the old vinegar industrial park\* (工業園區老醋產業園) (Parcel No. 2021-11) (the "**Land**") in Yongchun County, Quanzhou city, Fujian Province, the PRC and the structures erected thereon through the process of the listing-for-sale (掛牌出讓) for a total consideration of RMB22,050,000 (equivalent to approximately HK\$27,265,982) and entered into a land use right transfer agreement with Yongchun County National Resources Bureau\* (永春縣自然資源局) as a result of the successful bidding.

The Land is to be transformed and renovated for use as a new monascus wine and vinegar production and storage site of Qiaoxin as part of the Group's strategy to further develop the business of Qiaoxin, with construction expected to be completed by 11 May 2025. For details, please refer to the announcement of the Company dated 15 March 2022.

Save as disclosed above, we did not have any other material investments, acquisition or disposal for the six months ended 30 June 2022.

As at 30 June 2022, we had no specific future plan for material investments or capital assets.

## EMPLOYMENT AND EMOLUMENTS

As of the date of this report, our Group had 58 full time employees, all of whom were based in China. Our employees' remuneration was paid with reference to the individual responsibility and performance, as well as the actual practice of the Company. We have made contributions to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance, and housing funds for our employees. As of the date of this report, we had complied with all applicable PRC laws and regulations in all material aspects.

We invest in continuing education and training programs for our management and other employees with a view to constantly upgrading their skills and knowledge. We also arrange for internal and external professional training programs to develop our employees' skills and knowledge. These programs include further educational studies, fundamental economics and finance knowledge and skills training, and professional development courses for our management personnel. New employees are required to attend induction training courses to ensure that they are equipped with the necessary skills to perform their duties.



In the first half of 2022, we continued to give online training to our employees. In order to make the training more targeted and quantifiable, the Company opened an educational resource account on the education platform to share with all employees, the content of which covers financial, negotiation, business etiquette, management skills, etc., with the form of clock-in learning to encourage employees to take the initiative to improve themselves in their leisure time. At the same time, we also planned reading sharing activities, and invited departments to take turns in recommending good reading materials. In terms of epidemic prevention and control, we have responded to the call of the country and the community to organize and advocate the vaccination of employees who meet the vaccination requirements, and require employees to do personal epidemic prevention work, exercise their bodies, and consciously protect themselves from the virus. When travel, foreign affairs and other activities are involved, it is necessary to confirm the epidemic situation of the destination before arranging travel. If it is necessary for employees to travel to and from epidemic risk areas, isolation or nucleic acid testing shall be arranged in strict accordance with the community pandemic prevention requirements.

### CHARGES ON ASSETS

As at 30 June 2022, we did not have any charge over our assets.

### PROSPECTS

Looking forward to the future, with the completion of the construction of our factory and the commencement of trial production for Qiaoxin, we will commence full production and the launch of our vinegar and wine products in the second half of 2022 in order to maximize our investment return.

Due to the repeated outbreak of COVID-19, the release and tightening of industrial regulatory policies, and the adjustment of monetary and credit policies, we have slowed down development and investment in our finance leasing business. The Company will, as always, adhere to the principle of prudent operation and risk prioritisation in providing business plans that meet customer needs and ensure its own interests and capital security. In order to control our business risk to the furthest extent, we will optimize our business process, increase our pre-investment due diligence efforts, improve post-leaving management, and commence new business investments against the backdrop of stronger security measures, in order to strive for maximum benefit for the Company.

We established Qiaoxin in Yongchun, Fujian Province on 23 April 2020, with a view to set foot in the vinegar manufacturing and sales industry. Qiaoxin is an important project marking our Company's business diversification, and we will make constant investments in a period of time. As a condiment with a long history, table vinegar has a broad market and huge market potential in China. Yongchun aged vinegar, one of the four famous vinegar products in China, is made from a distinct brewing process and has a unique flavour. It has its own advantages as a regional brand. However, due to geographical limitations, the awareness of Yongchun aged vinegar in China needs to be raised. In view of the low barriers of entry in China's vinegar industry, low brand concentration and short industrialisation process, the Directors believe that investment in the production and sale of Yongchun aged vinegar as our new business can diversify our businesses and bring greater returns to our shareholders. On 15 March 2022, our Company had further successfully won the bid for the land use rights of a piece of land in Yongchun County with a total site area of approximately 71,941 sq.m. and the structures erected thereon, which will be transformed and renovated for use as a new monascus wine and vinegar production and storage site. The construction is expected to be completed by 11 May 2025. For details, please refer to the announcement of the Company dated 15 March 2022. Starting from research and development, channels, operations and publicity, we will build a brand called Qiaoxin and bring more benefits to the Group. In addition, we stepped into the fields of sale and supply chain of paper products in 2021. We cooperated with high quality partners and made use of their resource advantages and industry experience to try in the new fields. The paper sector has brought us certain benefits. For the rest of 2022, we will pay continuous attention to the performance of the paper sector and make adjustments in a timely manner.

# Other Information

## AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) has reviewed and discussed with the management the accounting principles and practices adopted by the Company, internal controls and financial report matters, and the Company’s policies and practices on corporate governance. This unaudited interim report has been reviewed by the Audit Committee. There is no disagreement by the Audit Committee with the accounting treatment adopted by the Company.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Reporting Period.

## SHARE OPTION SCHEME

The share option scheme was adopted by the Company and approved by the Shareholders on 20 June 2018 (the “**Share Option Scheme**”) for the primary purposes of enabling the Company to attract, retain and motivate talented participants and, to strive for future developments and expansion of our Group. Eligible participants of the Share Option Scheme include any employees, any executives, non-executive Directors (including independent non-executive Directors), consultants, and advisors of our Group. The Share Option Scheme shall be valid and effective for a period of 10 years commencing on 20 June 2018 and will expire on 20 June 2028.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other scheme(s) of the Company in aggregate shall not exceed 30% of the Shares in issue from time to time. In addition, unless a refreshment of the 10% limit mentioned below is approved by our Shareholders pursuant to the GEM Listing Rules, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other scheme(s) of the Company shall not in aggregate exceed 10% of all the issued Shares as of 18 July 2018, being the date of listing of the Shares on GEM. As at the date of this report, the options available for grant by the Company is in respect of 27,000,000 Shares, representing 10% of the total issued Shares of the Company.

The maximum number of Shares issued and to be issued upon exercise of the options granted to each eligible person in any 12-month period shall not exceed 1% of the Shares in issue on the last day of such 12-month period, unless approved by the Shareholders in accordance with the GEM Listing Rules.

An option shall be regarded as having been granted and accepted when the duplicate of the offer letter, comprising acceptance of the offer of the option, is duly signed by the grantee together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within a period of 30 days from the date of offer of the option, provided that no such offer may be accepted after the expiry of the scheme period or after the Share Option Scheme has been terminated.

There is no minimum period for which an option granted must be held before it can be exercised unless otherwise imposed by the Board.

The exercise prices of the options will be determined by the Board in its absolute discretion but shall not be less than whichever is the highest of: (i) the closing price of our Shares as stated in the Stock Exchange’s daily quotations sheet on the offer date; (ii) the average closing price of our Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of our Shares on the offer date.

No share options have been granted, exercised, cancelled or lapsed under the Share Option Scheme since its adoption. As of 30 June 2022, the Company has no outstanding share option under the Share Option Scheme.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As of 30 June 2022, the interests or short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he 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 recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Name	Position	Nature of interest	Number of Shares <sup>(1)</sup>	Percentage in the total issued share capital
Mr. Ke Jinding <sup>(2)</sup>	Non-executive Director	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
Mr. Huang Dake <sup>(3)</sup>	Executive Director	Interest in controlled corporation	17,606,092 Shares (L)	6.52%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares or the Shares in the share capital of the relevant associated corporation.
- (2) Zijiang Capital is directly interested in approximately 14.06% of the issued Shares. The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn approximately 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Jinding is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.
- (3) HDK Capital is directly interested in approximately 6.52% of the issued Shares. The disclosed interest represents the interest in the Company held by HDK Capital, which is wholly owned by Mr. Huang Dake. Therefore, Mr. Huang Dake is deemed to be interested in HDK Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 30 June 2022, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he 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 recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## Other Information

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As of 30 June 2022, the persons or corporations (other than a Director or the chief executive of the Company) who had an interest or short position in the Shares and underlying Shares which were required to be disclosed to the 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 under section 336 of the SFO were as follows:

Shareholders	Nature of interest	Number of Shares <sup>(1)</sup>	Percentage in the total issued share capital
Septwolves Holdings	Beneficial owner	118,968,750 Shares (L)	44.06%
Mr. Zhou Yongwei <sup>(2)</sup>	Interest in controlled corporation	124,143,908 Shares (L)	45.98%
Zijiang Capital	Beneficial owner	37,968,750 Shares (L)	14.06%
Mr. Ke Shuiyuan <sup>(3)</sup>	Interest in controlled corporation	37,968,750 Shares (L)	14.06%
HDK Capital	Beneficial owner	17,606,092 Shares (L)	6.52%
Shengshi Capital	Beneficial owner	15,187,500 Shares (L)	5.63%
Mr. Wong Po Nei <sup>(4)</sup>	Interest in controlled corporation	15,187,500 Shares (L)	5.63%

Notes:

- (1) The letter "L" denotes a person's long position (as defined under Part XV of the SFO) in the Shares.
- (2) The disclosed interest represents the interest in the Company held by Septwolves Holdings and SEPTWOLVES INTERNATIONAL GROUP LIMITED respectively. Septwolves Holdings is approximately 37.06%, 31.47% and 31.47% owned by Mr. Zhou Yongwei, Mr. Zhou Shaoxiong and Mr. Zhou Shaoming, respectively. SEPTWOLVES INTERNATIONAL GROUP LIMITED is approximately 82.86% indirectly owned by Fujian Septwolves Group, which in turn is approximately 37.82% owned by Mr. Zhou Yongwei. Therefore, Mr. Zhou Yongwei is deemed to be interested in Septwolves Holdings's and SEPTWOLVES INTERNATIONAL GROUP LIMITED's respective interest in the Company by virtue of the SFO.
- (3) The disclosed interest represents the interest in the Company held by Zijiang Capital, which is in turn approximately 40%, 40% and 20% by Mr. Ke Shuiyuan, Mr. Ke Jinding and Mr. Ke Zijiang, respectively. Therefore, Mr. Ke Shuiyuan is deemed to be interested in Zijiang Capital's interest in the Company by virtue of the SFO.
- (4) The disclosed interest represents the interest in the Company held by Shengshi Capital, which is wholly owned by Mr. Wong Po Nei. Therefore, Mr. Wong Po Nei is deemed to be interested in Shengshi Capital's interest in the Company by virtue of the SFO.

Save as disclosed above, as of 30 June 2022, the Directors were not aware of any other person or corporation having an interest or short position in Shares and underlying Shares which were required to be disclosed to the 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 under section 336 of the SFO.

## CONTINUING DISCLOSURE REQUIREMENTS UNDER THE GEM LISTING RULES

As of 30 June 2022, the Directors have confirmed that they were not aware of any circumstances that would give rise to a disclosure requirement under Rules 17.15 to 17.21 or Rule 17.43 of the GEM Listing Rules.

## INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2022.

## EVENTS AFTER THE REPORTING PERIOD

There are no material events after the Reporting Period.

## COMPETING INTERESTS

During the Reporting Period, none of the Director or controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of our Group or have any other conflicts of interest with our Group.

## CORPORATE GOVERNANCE

Our Group recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group so as to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. The Board and the management of the Company have adopted the code provisions (the “**Code Provisions**”) of the Corporate Governance Code (the “**CG Code**”) set out in Appendix 15 to the GEM Listing Rules and reviewed its corporate governance policies and compliance from time to time. During the Reporting Period, the Company has fully complied with the Code Provisions.

## UPDATES ON DIRECTORS' INFORMATION

The change in Directors' information as required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules is set out below:

On 13 June 2022, Mr. Huang Dake and Mr. Zhou Shiyuan were appointed as chairman and director of Sichuan Qingxiangyuan Seasoning Co., Ltd (四川清香園調味品股份有限公司), respectively.

Save as disclosed above, there are no changes in information of Directors, since the date of publication of the annual report of the Company for the year ended 31 December 2021, which are required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules.

## REQUIRED STANDARD OF DEALINGS FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions of the Company by the Directors on terms no less exacting than the required standard of dealings concerning securities transaction by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules (the “**Code of Conduct**”) as its own code governing securities transactions of the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they had fully complied with the required standard of dealings as set out in the Code of Conduct throughout the Reporting Period.

Pursuant to Rule 5.66 of the Code of Conduct, the Directors have also requested any employee of the Company or director or employee of any subsidiary of the Company who, because of his office or employment in the Company or any subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he would be prohibited from dealing by the Code of Conduct as if he was a Director.

# Independent Review Report



## Review report to the Board of Directors of Baiying Holdings Group Limited

*(Incorporated in the Cayman Islands with limited liability)*

### INTRODUCTION

We have reviewed the interim financial report set out on pages 29 to 62 which comprises the consolidated statement of financial position of Baiying Holdings Group Limited (the “Company”) and its subsidiaries (collectively the “Group”) as of 30 June 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

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

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG  
*Certified Public Accountants*

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

11 August 2022

# Consolidated Statement of Profit or Loss

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi)

	Notes	Six months ended 30 June	
		2022 RMB	2021 RMB
Sales of packaging and paper products		10,585,927	3,442,619
Sales of vinegar and wine products		94,385	–
Interest income		7,258,163	11,512,374
Advisory fee income		–	235,849
<b>Revenue</b>	4	<b>17,938,475</b>	15,190,842
Other net income		622,639	713,650
Cost of packaging and paper products		(10,257,666)	(3,369,762)
Cost of vinegar and wine products		(74,740)	–
Net loss from financial assets at fair value through profit or loss		(432,182)	(2,030,554)
Interest expense		(1,862,198)	(2,259,783)
Operating expense		(5,857,321)	(5,488,429)
Impairment losses charged	5	(5,868,289)	(1,264,549)
Sales expense		(500,011)	–
<b>(Loss)/profit before taxation</b>	6	<b>(6,291,293)</b>	1,491,415
Income tax expense	7	(7,079,569)	(331,811)
<b>(Loss)/profit for the period</b>		<b>(13,370,862)</b>	1,159,604
<b>Attributable to:</b>			
Equity shareholders of the Company		(13,474,976)	1,137,050
Non-controlling interests		104,114	22,554
<b>(Loss)/profit for the period</b>		<b>(13,370,862)</b>	1,159,604
<b>(Loss)/earnings per share</b>			
Basic and diluted (RMB cents)	8	(4.99)	0.42

The notes on pages 35 to 62 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19(a).

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi)

	Six months ended 30 June	
	2022 RMB	2021 RMB
<b>(Loss)/profit for the period</b>	<b>(13,370,862)</b>	1,159,604
<b>Other comprehensive income for the period (after tax):</b>		
Item that may be reclassified subsequently to profit or loss		
– Exchange differences on translation of financial statements of operations outside the mainland China	<b>(160,332)</b>	20,439
<b>Total comprehensive income for the period</b>	<b>(13,531,194)</b>	1,180,043
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(13,635,308)</b>	1,157,489
Non-controlling interests	<b>104,114</b>	22,554
<b>Total comprehensive income for the period</b>	<b>(13,531,194)</b>	1,180,043

The notes on pages 35 to 62 form part of this interim financial report.



# Consolidated Statement of Financial Position

at 30 June 2022 – unaudited  
(Expressed in Renminbi)

	Notes	At 30 June 2022 RMB	At 31 December 2021 RMB
<b>Non-current assets</b>			
Property, plant and equipment	9	90,581,738	70,189,930
Intangible assets		392,726	437,916
Interest in associate	10	4,841,489	–
Loans and receivables	11	24,212,907	50,432,060
Finance lease receivables	12	52,511	3,196,782
Trade and other receivables	13	42,556	223,529
Financial assets at fair value through profit or loss		–	181,000
Deferred tax assets		7,102,027	13,743,620
		<b>127,225,954</b>	138,404,837
<b>Current assets</b>			
Loans and receivables	11	147,380,190	94,316,324
Finance lease receivables	12	36,971,317	51,910,224
Trade and other receivables	13	19,374,393	12,319,372
Financial assets at fair value through profit or loss	14	17,706,141	40,448,936
Inventories	15	5,924,033	850,442
Cash and cash equivalents	16	5,855,961	19,146,212
		<b>233,212,035</b>	218,991,510
<b>Current liabilities</b>			
Borrowings	17	54,826,202	17,733,482
Trade and other liabilities	18	26,620,962	26,163,782
Lease liabilities		403,198	785,645
Income tax payable		1,819,620	3,579,486
Deferred income		100,000	2,154,271
		<b>83,769,982</b>	50,416,666
<b>Net current assets</b>		<b>149,442,053</b>	168,574,844
<b>Total assets less current liabilities</b>		<b>276,668,007</b>	306,979,681

The notes on pages 35 to 62 form part of this interim financial report.

## Consolidated Statement of Financial Position

at 30 June 2022 – unaudited  
(Expressed in Renminbi)

	Notes	At 30 June 2022 RMB	At 31 December 2021 RMB
<b>Non-current liabilities</b>			
Borrowings	17	–	9,400,000
Trade and other liabilities	18	<b>8,181,726</b>	14,765,227
Lease liabilities		<b>388,526</b>	1,185,505
		<b>8,570,252</b>	25,350,732
<b>NET ASSETS</b>			
		<b>268,097,755</b>	281,628,949
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>2,301,857</b>	2,301,857
Share premium		<b>238,097,760</b>	238,097,760
Reserves		<b>25,362,165</b>	38,997,473
<b>Total Equity attributable to equity shareholders of the Company</b>			
		<b>265,761,782</b>	279,397,090
<b>Non-controlling interests</b>			
		<b>2,335,973</b>	2,231,859
<b>TOTAL EQUITY</b>			
		<b>268,097,755</b>	281,628,949

Approved and authorized for issue by the board of directors on 11 August 2022.

**Huang Dake**  
Director

**Chen Xinwei**  
Director

The notes on pages 35 to 62 form part of this interim financial report.

# Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
	Note	Share capital	Share premium	Capital reserve	Surplus reserve	Exchange reserve	Retained profits			Total
		RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
<b>Balance at 1 January 2021</b>		2,301,857	238,097,760	(6,640,176)	9,364,503	1,767,787	46,017,669	290,909,400	-	290,909,400
<b>Changes in equity for the six months ended 30 June 2021:</b>										
Capital injection from non-controlling interest		-	-	-	-	-	-	-	2,250,000	2,250,000
Profit for the period		-	-	-	-	-	1,137,050	1,137,050	22,554	1,159,604
Other comprehensive income		-	-	-	-	20,439	-	20,439	-	20,439
<b>Total comprehensive income</b>		-	-	-	-	20,439	1,137,050	1,157,489	22,554	1,180,043
Dividends approved in respect of the previous year	19(a)	-	-	-	-	-	(4,476,222)	(4,476,222)	-	(4,476,222)
<b>Balance at 30 June 2021 and 1 July 2021</b>		2,301,857	238,097,760	(6,640,176)	9,364,503	1,788,226	42,678,497	287,590,667	2,272,554	289,863,221
<b>Changes in equity for the six months ended 31 December 2021:</b>										
Loss for the period		-	-	-	-	-	(8,212,021)	(8,212,021)	(40,695)	(8,252,716)
Other comprehensive income		-	-	-	-	18,444	-	18,444	-	18,444
<b>Total comprehensive income</b>		-	-	-	-	18,444	(8,212,021)	(8,193,577)	(40,695)	(8,234,272)
<b>Balance at 31 December 2021</b>		2,301,857	238,097,760	(6,640,176)	9,364,503	1,806,670	34,466,476	279,397,090	2,231,859	281,628,949
<b>Balance at 1 January 2022</b>		2,301,857	238,097,760	(6,640,176)	9,364,503	1,806,670	34,466,476	279,397,090	2,231,859	281,628,949
<b>Changes in equity for the six months ended 30 June 2022:</b>										
Loss for the period		-	-	-	-	-	(13,474,976)	(13,474,976)	104,114	(13,370,862)
Other comprehensive income		-	-	-	-	(160,332)	-	(160,332)	-	(160,332)
<b>Total comprehensive income</b>		-	-	-	-	(160,332)	(13,474,976)	(13,635,308)	104,114	(13,531,194)
<b>Balance at 30 June 2022</b>		2,301,857	238,097,760	(6,640,176)	9,364,503	1,646,338	20,991,500	265,761,782	2,335,973	268,097,755

The notes on pages 35 to 62 form part of this interim financial report.

# Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2022 – unaudited  
(Expressed in Renminbi)

	Note	Six months ended 30 June	
		2022 RMB	2021 RMB
<b>Operating activities</b>			
Cash (used in)/generated from operations		(21,121,627)	13,257,754
Taxes paid		(2,197,843)	(3,242,464)
<b>Net cash (used in)/generated from operating activities</b>		<b>(23,319,470)</b>	10,015,290
<b>Investing activities</b>			
Interest received from deposits with financial institutions		86,400	94,636
Proceeds from disposal and redemption of investments		160,449,833	169,945,003
Proceeds from disposal of property and equipment		–	60,874
Payments on acquisition of investments		(142,799,708)	(139,500,000)
Payments of purchase of property, plant and equipment		(25,973,508)	(24,325,615)
Lending to related parties		(8,000,000)	(8,300,000)
<b>Net cash used in investing activities</b>		<b>(16,236,983)</b>	(2,025,102)
<b>Financing activities</b>			
Cash receipts from capital contributions from non-controlling shareholders of subsidiaries		–	2,250,000
Proceeds from borrowings		43,361,750	42,094,000
Repayment of borrowings		(15,694,000)	(44,750,000)
Interest element of lease rentals paid		(36,105)	(17,017)
Other interest paid		(914,966)	(960,331)
Capital element of lease rentals paid		(290,145)	(417,983)
<b>Net cash generated from/(used in) financing activities</b>		<b>26,426,534</b>	(1,801,331)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(13,129,919)</b>	6,188,857
<b>Cash and cash equivalents at 1 January</b>		<b>19,146,212</b>	26,245,251
<b>Effect of foreign exchange rate changes</b>		<b>(160,332)</b>	20,439
<b>Cash and cash equivalents at 30 June</b>	16	<b>5,855,961</b>	32,454,547

The notes on pages 35 to 62 form part of this interim financial report.

# Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands as an exempted company with limited liability on 5 June 2017.

The Company's issued shares have been listed on GEM of the Stock Exchange since 18 July 2018.

## 2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 11 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 3.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on page 28.

## 3 CHANGES IN ACCOUNTING POLICIES

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

- Amendment to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKAS 16 are discussed below:

The amendments prohibit an entity from deducting the proceeds from selling items produced before that asset is available for use from the cost of an item of property, plant and equipment. Instead, the sales proceeds and the related costs should be included in profit and loss. The amendments do not have a material impact on these financial statements as the Group does not sell items produced before an item of property, plant and equipment is available for use.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Disaggregation of revenue

The principal activities of the Group are providing equipment based financing solutions, factoring services, value-added advisory services to customers, sales of packaging and paper products and manufacture and sales of vinegar and wine products in the People's Republic of China (the "PRC"). The amount of each significant category of revenue recognised during the six months ended 30 June 2022 and 2021 is as follows:

	Six months ended 30 June	
	2022 RMB	2021 RMB
<b>Sales of products arising from</b>		
Sales of packaging and paper products	10,585,927	3,442,619
Sales of vinegar and wine products	94,385	–
	<b>10,680,312</b>	3,442,619
<b>Interest income from</b>		
Finance leases receivables	760,200	1,990,185
Receivables from sale-leaseback transaction under loans and receivables	4,742,297	8,117,789
Factoring receivables	1,755,666	1,404,400
	<b>7,258,163</b>	11,512,374
<b>Advisory fee income</b>	–	235,849
	<b>17,938,475</b>	15,190,842

- (i) The Group has two customers and no customer for six months ended 30 June 2022 and 2021 respectively, with whom transactions have exceeded 10% of the Group's aggregate revenues. Such revenue from the customers is set out below:

	Six months ended 30 June	
	2022 RMB	2021 RMB
Customer A	4,139,281	*
Customer B	3,765,847	*

Note: \* Revenue from the customer was less than 10% for six months ended 30 June 2021.

- (ii) Revenue from sales of packaging and paper products and sales of vinegar and wine products are recognised when control of goods has transferred, being when the goods have been delivered as agreed in the sales contracts.

*(Expressed in Renminbi unless otherwise indicated)*

## 4 REVENUE AND SEGMENT REPORTING (Continued)

### (b) Segment reporting

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

- Financial services segment: providing financial leasing service, factoring service and advisory service in the PRC. Income of financial leasing service takes the major portion of financial services for the six months ended 30 June 2022.
- Packaging and paper products trading segment: starting with the year 2021, the Group set up Fujian Baiying Paper Co., Ltd. ("Baiying Paper") to diversify the business of the Group. The main business of Baiying Paper is sales of packaging and paper products in the PRC.
- Manufacture and sale of vinegar and wine products segment: starting from the year 2021, the Group set up Fujian Yongchun Qiaoxin Brewing Co., Ltd. ("Qiaoxin") to diversify the business of the Group. The main business of Qiaoxin is manufacturing and selling of vinegar and wine products in the PRC. As of 30 June 2022, Qiaoxin is in trial production with sales of a small amount of outsourcing products.

### (i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets, and current assets with the exception of deferred tax assets. Segment liabilities include borrowings, trade and other liabilities, lease liabilities, income tax payable with the exception of deferred tax liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

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

	Six months ended 30 June			
	2022 RMB	2022 RMB	2022 RMB	2022 RMB
	Financial services	Packaging and paper products trading	Manufacture and sale of vinegar and wine products	Total
<b>Disaggregated by timing of revenue recognition</b>				
<b>Over time:</b>				
Interest income	7,258,163	–	–	7,258,163
<b>Point in time:</b>				
Sales of packaging and paper products	–	10,585,927	–	10,585,927
Sales of vinegar and wine products	–	–	94,385	94,385
<b>Reportable segment revenue</b>	<b>7,258,163</b>	<b>10,585,927</b>	<b>94,385</b>	<b>17,938,475</b>
Other net income	576,351	5,105	41,183	622,639
Cost of packaging and paper products	–	(10,257,666)	–	(10,257,666)
Cost of vinegar and wine products	–	–	(74,740)	(74,740)
Net loss from financial assets at fair value through profit or loss	(428,667)	–	(3,515)	(432,182)
Interest expense	(1,862,198)	–	–	(1,862,198)
Operating expense	(2,893,331)	(161,997)	(2,801,993)	(5,857,321)
Impairment losses (charged)/written back	(5,983,381)	218,043	(102,951)	(5,868,289)
Sales expense	–	(63,349)	(436,662)	(500,011)
<b>Reportable segment (loss)/profit before taxation</b>	<b>(3,333,063)</b>	<b>326,063</b>	<b>(3,284,293)</b>	<b>(6,291,293)</b>
Income tax expense	(6,560,143)	(77,423)	(442,003)	(7,079,569)
<b>Reportable segment (loss)/profit for the period</b>	<b>(9,893,206)</b>	<b>248,640</b>	<b>(3,726,296)</b>	<b>(13,370,862)</b>
<b>Reportable segment assets</b>	<b>297,945,422</b>	<b>5,656,574</b>	<b>105,497,557</b>	<b>409,099,553</b>
<b>Reportable segment liabilities</b>	<b>84,861,689</b>	<b>473,953</b>	<b>62,768,183</b>	<b>148,103,825</b>



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

	Six months ended 30 June		
	2021 RMB	2021 RMB	2021 RMB
	Financial services	Packaging and paper products trading	Total
<b>Over time:</b>			
Interest income	11,512,374	–	11,512,374
<b>Point in time:</b>			
Advisory fee income	235,849	–	235,849
Sales of packaging and paper products	–	3,442,619	3,442,619
<b>Reportable segment revenue</b>	<b>11,748,223</b>	<b>3,442,619</b>	<b>15,190,842</b>
Other net income	712,257	1,393	713,650
Cost of packaging and paper products	–	(3,369,762)	(3,369,762)
Net (loss)/gain from financial assets at fair value through profit or loss	(2,038,153)	7,599	(2,030,554)
Interest expense	(2,259,783)	–	(2,259,783)
Operating expense	(5,473,522)	(14,907)	(5,488,429)
Impairment losses charged	(1,264,549)	–	(1,264,549)
<b>Reportable segment profit before taxation</b>	<b>1,424,473</b>	<b>66,942</b>	<b>1,491,415</b>
Income tax expense	(314,989)	(16,822)	(331,811)
<b>Reportable segment profit for the period</b>	<b>1,109,484</b>	<b>50,120</b>	<b>1,159,604</b>
<b>Reportable segment assets</b>	<b>378,888,641</b>	<b>133,930</b>	<b>379,022,571</b>
<b>Reportable segment liabilities</b>	<b>98,103,969</b>	<b>115,861</b>	<b>98,219,830</b>

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 4 REVENUE AND SEGMENT REPORTING (Continued)

#### (b) Segment reporting (Continued)

##### (ii) Reportable segment assets and liabilities

	At 30 June 2022 RMB	At 31 December 2021 RMB
<b>Assets</b>		
Reportable segment assets	<b>409,099,553</b>	364,178,980
Deferred tax assets	<b>7,102,027</b>	13,743,620
Elimination of inter-segment receivables	<b>(55,763,591)</b>	(20,526,253)
Consolidated total assets	<b>360,437,989</b>	357,396,347
<b>Liabilities</b>		
Reportable segment liabilities	<b>148,103,825</b>	96,293,651
Deferred tax liabilities	-	-
Elimination of inter-segment payables	<b>(55,763,591)</b>	(20,526,253)
Consolidated total liabilities	<b>92,340,234</b>	75,767,398

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 5 IMPAIRMENT LOSSES CHARGED

	Notes	Six months ended 30 June	
		2022 RMB	2021 RMB
Loans and receivables	11	(665,340)	(4,117,612)
Finance lease receivables	12	6,446,115	4,884,188
Trade and other receivables	13	87,514	497,973
		<b>5,868,289</b>	1,264,549

### 6 (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2022 RMB	2021 RMB
<b>(a) Staff cost</b>		
Contributions to defined contribution retirement plan	219,491	121,762
Salaries, wages and other benefits	1,857,049	2,575,179
Subtotal	<b>2,076,540</b>	2,696,941
<b>(b) Other items</b>		
Amortisation cost of intangible assets	45,190	62,171
Depreciation charge		
– owned property, plant and equipment	472,831	84,190
– right-of-use assets	303,516	405,399
Interest on lease liabilities	36,105	17,017
Auditor's remuneration	660,377	339,623
Legal expenses	163,394	625,973
Consulting expenses	283,019	–

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

#### (a) Taxation in the consolidated statements of profit or loss:

	Six months ended 30 June	
	2022 RMB	2021 RMB
<b>Current tax</b>		
– PRC Enterprise Income Tax (“EIT”) Provision for the period	<b>779,856</b>	1,723,310
– Over-provision in respect of prior period	<b>(341,880)</b>	(100,838)
<b>Deferred tax</b>		
– Reversal/(origination) of temporary differences	<b>6,641,593</b>	(1,290,661)
	<b>7,079,569</b>	331,811

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

	Notes	Six months ended 30 June	
		2022 RMB	2021 RMB
(Loss)/profit before taxation		<b>(6,291,293)</b>	1,491,415
Notional tax on (loss)/profit before taxation, calculated at the rates applicable in the jurisdictions concerned		<b>(1,452,678)</b>	439,927
Tax effect of non-deductible expenses		<b>69,893</b>	20,722
Tax effect of non-taxable income	(i)	<b>(30,000)</b>	(28,000)
Tax effect of unused tax losses and deductible temporary differences not recognised	(ii)	<b>8,834,234</b>	–
Over-provision in respect of prior period		<b>(341,880)</b>	(100,838)
Income tax expense for the period		<b>7,079,569</b>	331,811

Notes:

- (i) The non-taxable income is mainly the interest income from equity investment gains generated from qualified resident.
- (ii) The Group has not recognized deferred tax assets in respect of certain impairment losses as it is not probable that supporting documents against which the losses can be pre-tax deducted will be obtained.

(Expressed in Renminbi unless otherwise indicated)

## 8 LOSS/(EARNINGS) PER SHARE

### (a) Basic loss/(earnings) per share

The calculation of basic loss/(earnings) per share is based on the loss for the six months ended 30 June 2022 of RMB13,474,976 (profit for six months ended 30 June 2021: RMB1,137,050) and the weighted average of 270,000,000 ordinary shares (six months ended 30 June 2021: 270,000,000 shares) in issue during the interim period.

### (b) Diluted loss/(earnings) per share

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022 and 2021, and hence the diluted loss/(earnings) per share are the same as basic loss/(earnings) per share.

## 9 PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 June 2022, the Group entered into a land use right transfer agreement in the PRC, and therefore recognised the additions to right-of-use assets of RMB22,722,525 (six months ended 30 June 2021: RMB2,410,879).

### (b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2022, the Group acquired items of office equipment and machinery with a cost of RMB91,616 (six months ended 30 June 2021: RMB300,066).

During the six months ended 30 June 2022, the Group acquired items of construction in progress with a cost of RMB3,159,367 (six months ended 30 June 2021: RMB24,025,549).

### (c) Impairment losses

During the six months ended 30 June 2022, no impairment loss of property, plant and equipment was recognised (six months ended 30 June 2021: nil).

## 10 INTERESTS IN ASSOCIATE

On 29 November 2021, Xiamen Baiying Leasing Co., Ltd. ("Xiamen Baiying"), Fujian Jingong Machinery Co., Ltd. and Xiamen Qifeng Investment Partnership jointly established Fujian Jingong New Energy Technology Co., Ltd. with a registered capital of RMB100,000,000. Xiamen Baiying agreed to contribute RMB5,000,000, being 5% of the registered capital. As of 30 June 2022, Xiamen Baiying had fully paid its subscribed capital, which accounted for 5.56% of the total paid-in capital.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 11 LOANS AND RECEIVABLES

	Notes	At 30 June 2022 RMB	At 31 December 2021 RMB
Factoring receivables with recourse		107,178,116	35,591,001
Less: Allowances for impairment losses	(i)	(4,239,991)	(2,027,933)
Sub-total		102,938,125	33,563,068
Receivables from sale-leaseback transaction		75,688,648	121,096,390
Less: Allowances for impairment losses	(i)	(7,033,676)	(9,911,074)
Sub-total		68,654,972	111,185,316
Total		171,593,097	144,748,384

Notes:

- (i) The allowances for impairment losses of loans and receivables were provided on expected credit loss model. As at 30 June 2022, the credit quality analysis of loans and receivables are as follows:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Overdue and credit-impaired	9,063,285	14,452,532
Overdue but not credit-impaired		
– Overdue within 30 days (inclusive)	2,022,332	2,126,599
– Overdue 30 to 90 days (inclusive)	11,319,563	–
– Overdue above 90 days	–	–
Neither overdue nor credit-impaired	160,461,584	140,108,260
Less: Allowances for impairment losses	(11,273,667)	(11,939,007)
At the end of the period/year	171,593,097	144,748,384

- (ii) Analysis for reporting purpose as:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Non-current assets	24,212,907	50,432,060
Current assets	147,380,190	94,316,324
	171,593,097	144,748,384

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 11 LOANS AND RECEIVABLES (Continued)

(iii) Loans and receivables and allowances for impairment losses are as follows:

	As at 30 June 2022			
	12-month ECL RMB	Lifetime ECL Not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Factoring receivables	105,195,066	–	1,983,050	107,178,116
Less: Allowances for impairment losses	(2,833,210)	–	(1,406,781)	(4,239,991)
Carrying amount of factoring receivables	102,361,856	–	576,269	102,938,125
Receivables from sale-leaseback transaction	57,288,850	11,319,563	7,080,235	75,688,648
Less: Allowances for impairment losses	(1,113,494)	(1,089,847)	(4,830,335)	(7,033,676)
Carrying amount of receivables from sale-leaseback transaction	56,175,356	10,229,716	2,249,900	68,654,972
Total carrying amount of loans and receivables	158,537,212	10,229,716	2,826,169	171,593,097
	As at 31 December 2021			
	12-month ECL RMB	Lifetime ECL Not credit-impaired RMB	Lifetime ECL credit-impaired RMB	Total RMB
Factoring receivables	33,107,951	–	2,483,050	35,591,001
Less: Allowances for impairment losses	(903,121)	–	(1,124,812)	(2,027,933)
Carrying amount of factoring receivables	32,204,830	–	1,358,238	33,563,068
Receivables from sale-leaseback transaction	109,126,908	–	11,969,482	121,096,390
Less: Allowances for impairment losses	(2,635,177)	–	(7,275,897)	(9,911,074)
Carrying amount of receivables from sale-leaseback transaction	106,491,731	–	4,693,585	111,185,316
Total carrying amount of loans and receivables	138,696,561	–	6,051,823	144,748,384

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 11 LOANS AND RECEIVABLES (Continued)

(iv) Movements of allowance for impairment losses on loans and receivables:

	2022			Total RMB
	12-month ECL RMB	Lifetime ECL not credit-impaired RMB	Lifetime ECL credit-impaired RMB	
<b>Balance at 1 January</b>	<b>3,538,298</b>	<b>–</b>	<b>8,400,709</b>	<b>11,939,007</b>
Transfer to lifetime ECL not credit-impaired	(245,137)	245,137	–	–
Transfer to lifetime ECL credit-impaired	(71,408)	–	71,408	–
Net remeasurement of loss allowance	(678,066)	844,710	407,906	574,550
New financial assets originated	1,992,028	–	–	1,992,028
Financial assets that have been derecognised	(589,011)	–	(2,642,907)	(3,231,918)
<b>Balance at 30 June</b>	<b>3,946,704</b>	<b>1,089,847</b>	<b>6,237,116</b>	<b>11,273,667</b>

  

	2021			Total RMB
	12-month ECL RMB	Lifetime ECL not credit-impaired RMB	Lifetime ECL credit-impaired RMB	
<b>Balance at 1 January</b>	<b>2,879,457</b>	<b>4,092,249</b>	<b>4,895,686</b>	<b>11,867,392</b>
Transfer to lifetime ECL credit-impaired	(295,661)	(77,104)	372,765	–
Net remeasurement of loss allowance	(537,854)	–	4,436,137	3,898,283
New financial assets originated	2,336,546	–	147,765	2,484,311
Financial assets that have been derecognised	(844,190)	(4,015,145)	(1,432,655)	(6,291,990)
Write-offs	–	–	(18,989)	(18,989)
<b>Balance at 31 December</b>	<b>3,538,298</b>	<b>–</b>	<b>8,400,709</b>	<b>11,939,007</b>



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 12 FINANCE LEASE RECEIVABLES

	At 30 June 2022 RMB	At 31 December 2021 RMB
Minimum finance lease receivables		
Not later than one year	77,865,500	85,917,344
Later than one year and not later than five years	56,908	4,139,213
Gross amount of finance lease receivables	77,922,408	90,056,557
Less: Unearned finance income	(6,485,352)	(6,982,438)
Net amount of finance lease receivables	71,437,056	83,074,119
Less: Allowances for impairment losses	(34,413,228)	(27,967,113)
Carrying amount of finance lease receivables	37,023,828	55,107,006
Present value of minimum finance lease receivables		
Not later than one year	71,383,860	78,947,267
Later than one year and not later than five years	53,196	4,126,852
Total	71,437,056	83,074,119

Analysis for reporting purpose as:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Non-current assets	52,511	3,196,782
Current assets	36,971,317	51,910,224
	37,023,828	55,107,006

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 12 FINANCE LEASE RECEIVABLES (Continued)

#### Analysis by security

Finance lease receivables are mainly secured by leased assets which are used in manufacturing, construction and other industries, lessees' deposits and leased assets repurchase arrangement where applicable.

Additional collateral may be obtained from lessees to secure their repayment obligation and such collateral include residential properties, car parks etc. Due to restriction of the collateral registration procedure, finance lease receivables with carrying amount of RMB1,994,186 was arranged through an entrusted loan with properties as the collateral as at 30 June 2022 (31 December 2021: RMB2,537,422).

Lessees' deposits are calculated and collected based on a certain percentage of the entire value of the lease contract. The deposits are returned to the lessees in full by end of lease period according to the terms of the lease contracts.

#### Analysis of credit quality

The following is a credit quality analysis of finance lease receivables.

	At 30 June 2022 RMB	At 31 December 2021 RMB
Overdue and impaired	<b>61,967,885</b>	67,266,393
Overdue but not impaired		
– Overdue within 30 days (inclusive)	<b>782,250</b>	115,306
– Overdue 30 to 90 days (inclusive)	–	75,873
– Overdue above 90 days	–	–
Neither overdue nor impaired	<b>8,686,921</b>	15,616,547
Less: Allowances for impairment losses	<b>(34,413,228)</b>	(27,967,113)
At the end of the period/year	<b>37,023,828</b>	55,107,006

Finance lease receivables overdue but not impaired related to a number of lessees failing to pay the instalments, but the Group could collect the remaining balance from lessees, the suppliers or the agents of the leased assets through guarantee or from the disposal of leased assets.

(Expressed in Renminbi unless otherwise indicated)

## 12 FINANCE LEASE RECEIVABLES (Continued)

## (a) Finance lease receivables and allowance for impairment losses

	As at 30 June 2022			Total RMB
	12-month ECL RMB	Lifetime ECL Not credit- impaired RMB	Lifetime ECL credit- impaired RMB	
Net amount of finance lease receivables	9,469,171	–	61,967,885	71,437,056
Less: Allowances for impairment losses	(197,384)	–	(34,215,844)	(34,413,228)
Carrying amount of finance lease receivables	9,271,787	–	27,752,041	37,023,828

  

	As at 31 December 2021			Total RMB
	12-month ECL RMB	Lifetime ECL Not credit- impaired RMB	Lifetime ECL credit- impaired RMB	
Net amount of finance lease receivables	15,731,853	75,873	67,266,393	83,074,119
Less: Allowances for impairment losses	(440,992)	(6,300)	(27,519,821)	(27,967,113)
Carrying amount of finance lease receivables	15,290,861	69,573	39,746,572	55,107,006

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 12 FINANCE LEASE RECEIVABLES (Continued)

#### (b) Movements of allowances for impairment losses on finance lease receivables

	2022			Total RMB
	12-month ECL RMB	Lifetime ECL not credit- impaired RMB	Lifetime ECL credit- impaired RMB	
<b>Balance at 1 January</b>	440,992	6,300	27,519,821	27,967,113
Net remeasurement of loss allowance	(142,937)	–	6,696,023	6,553,086
New financial assets originated	38,623	–	–	38,623
Financial assets that have been derecognised	(139,294)	(6,300)	–	(145,594)
<b>Balance at 30 June</b>	197,384	–	34,215,844	34,413,228

  

	2021			Total RMB
	12-month ECL RMB	Lifetime ECL not credit- impaired RMB	Lifetime ECL credit- impaired RMB	
<b>Balance at 1 January</b>	625,039	–	25,376,684	26,001,723
Transfer to lifetime ECL not credit-impaired	(5,447)	5,447	–	–
Net remeasurement of loss allowance	(110,063)	853	16,926,418	16,817,208
New financial assets originated or purchased	328,629	–	–	328,629
Financial assets that have been derecognised	(397,166)	–	(2,574,770)	(2,971,936)
Write-offs	–	–	(12,218,501)	(12,218,501)
Recoveries of amounts previously written off	–	–	9,990	9,990
<b>Balance at 31 December</b>	440,992	6,300	27,519,821	27,967,113

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	<b>At 30 June 2022 RMB</b>	At 31 December 2021 RMB
<b>Non-current assets</b>			
Other receivables		<b>16,981</b>	33,964
Deposits for property		<b>25,575</b>	189,565
		<b>42,556</b>	223,529
<b>Current assets</b>			
Trade receivables	<i>(ii)</i>	<b>3,118,020</b>	3,927,491
Note receivables		<b>540,689</b>	1,052,101
Other receivables		<b>444,216</b>	405,978
Less: allowances for impairment losses	<i>(i)</i>	<b>(198,625)</b>	(328,762)
		<b>3,904,300</b>	5,056,808
Advances to a related party	<i>(iii)</i>	<b>8,033,973</b>	–
Less: allowances for impairment losses	<i>(i)</i>	<b>(217,651)</b>	–
		<b>7,816,322</b>	–
Deductible value-added tax		<b>6,457,827</b>	5,641,399
Prepaid expenses		<b>1,008,567</b>	1,558,268
Prepayment for leased assets		<b>187,377</b>	62,897
		<b>19,374,393</b>	12,319,372
Total		<b>19,416,949</b>	12,542,901

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 13 TRADE AND OTHER RECEIVABLES (Continued)

Notes:

- (i) Movements of allowances on trade and other receivables

	At 30 June 2022 RMB	At 31 December 2021 RMB
At 1 January	328,762	349,567
Charged/(credited) for the period/year	87,514	(20,805)
At 30 June/31 December	<b>416,276</b>	328,762

- (ii) Ageing analysis of trade receivables

As of the end of the reporting period, the ageing analysis of trade receivables, based on invoice date, is as follows:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Within 3 months	3,118,020	3,927,491
Less: Allowances for impairment losses	(33,702)	(251,763)
Total	<b>3,084,318</b>	3,675,728

Trade receivables are due within 1-60 days from the date of billing. Trade receivable that are more than 60 days past due are requested to settle all outstanding balances before any further credit is granted.

- (iii) Advances to a related party

During the six months ended 30 June 2022, the Group entered into a loan agreement with Xiamen Huishangcheng Trade Co., Ltd. ("Huishangcheng Trade", 廈門匯尚成貿易有限責任公司), a related company controlled by Zhou Yongwei, Zhou Shaoxiang and Zhou Shaoming. Under this agreement, the Group provided a loan to Huishangcheng Trade with the principal amounted to RMB8,000,000 and a fixed interest rate of 5%. The loan with the accrued interest receivables amounted to RMB8,033,973 as at 30 June 2022, and is repayable on demand by a seven-day notice or no later than 30 November 2022.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	At 30 June 2022 RMB	At 31 December 2021 RMB
Wealth management products	(i)	9,995,465	32,201,100
Listed securities		7,710,676	8,247,836
Unlisted equity investment		–	181,000
		<b>17,706,141</b>	40,629,936

Note:

- (i) The above wealth management products were issued by commercial banks in the PRC. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

### 15 INVENTORIES

	At 30 June 2022 RMB	At 31 December 2021 RMB
Raw materials	276,248	115,050
Work in progress	5,560,926	735,392
Finished goods	86,859	–
	<b>5,924,033</b>	850,442

### 16 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB	At 31 December 2021 RMB
Deposits with banks	5,855,961	19,146,212

The Group's main operation in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 17 BORROWINGS

	Note	At 30 June 2022 RMB	At 31 December 2021 RMB
Bank loans – guaranteed	(i)	54,826,202	27,133,482
		<b>54,826,202</b>	27,133,482

Analysis for reporting purpose as:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Non-current liabilities	–	9,400,000
Current liabilities	54,826,202	17,733,482
	<b>54,826,202</b>	27,133,482

Note:

- (i) As at 30 June 2022, loans amounting to RMB40,043,334 (2021: RMB13,711,116) was guaranteed by Septwolves Group Holding, loans amounting to RMB14,782,868 (2021: RMB13,422,366) was guaranteed by Fujian Septwolves Group.

As at 30 June 2022 and 31 December 2021, the borrowings were repayable as follows:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Within one year	54,826,202	17,733,482
After 1 year but within 2 years	–	9,400,000
	<b>54,826,202</b>	27,133,482

The ranges of effect interest rates on the borrowings are as follows:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Range of interest rates	<b>3.90% – 5.31%</b>	4.05% – 5.46%



## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 18 TRADE AND OTHER LIABILITIES

	Notes	At 30 June 2022 RMB	At 31 December 2021 RMB
<b>Current liabilities</b>			
Guaranteed deposits from lessees	(i)	8,700,945	6,174,606
VAT payable and other tax payable		8,973,526	8,363,402
Accounts payable	(ii)	684,330	431,050
Trade payables		11,087	564,332
Accrued staff costs		1,446,897	2,167,129
Receipts in advance		167,273	134,119
Accrued liabilities		745,000	772,381
Other payables		5,891,904	7,556,763
		<b>26,620,962</b>	26,163,782
<b>Non-current liabilities</b>			
Guaranteed deposits from lessees	(i)	8,175,750	13,240,806
VAT payable		5,976	1,524,421
		<b>8,181,726</b>	14,765,227
Total		<b>34,802,688</b>	40,929,009

Notes:

- (i) Guaranteed deposit from lessees for reporting purpose:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Current portion	8,700,945	6,174,606
Non-current portion	8,175,750	13,240,806
Total	<b>16,876,695</b>	19,415,412

- (ii) As at 30 June 2022 and 31 December 2021, the accounts payable comprise of amounts RMB684,330 and RMB431,050, respectively, to be repaid to certain equipment suppliers under the leased assets repurchase arrangements. As such, there was no relevant invoice or demand notes as the basis to the ageing analysis. Alternatively, from the perspective of credit term, all the accounts payable were payable on demand.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 19 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period:

	Six months ended 30 June	
	2022 RMB	2021 RMB
Final dividend in respect of the previous financial year, approved and declared during the following interim period (six months ended 30 June 2021: HKD2 cents)	–	4,476,222

#### (b) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between a higher equity holder/shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

There were no changes in the Group's approach to capital management during the six months period ended 30 June 2022.

### 20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

#### (a) Financial assets and liabilities measured at fair value

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

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

(Expressed in Renminbi unless otherwise indicated)

## 20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

## (a) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy:

	At 30 June 2022			
	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
<b>Financial assets at fair value through profit or loss</b>				
– Wealth management products	–	9,995,465	–	9,995,465
– Listed securities	7,710,676	–	–	7,710,676
	<b>7,710,676</b>	<b>9,995,465</b>	<b>–</b>	<b>17,706,141</b>

  

	At 31 December 2021			
	Level 1 RMB	Level 2 RMB	Level 3 RMB	Total RMB
<b>Financial assets at fair value through profit or loss</b>				
– Wealth management products	–	32,201,100	–	32,201,100
– Listed securities	8,247,836	–	–	8,247,836
– Unlisted equity investment	–	–	181,000	181,000
	<b>8,247,836</b>	<b>32,201,100</b>	<b>181,000</b>	<b>40,629,936</b>

During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 20 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

#### (b) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products is determined with reference to the quotation published by the issuing bank as at the end of the reporting period.

#### (c) The movement during the period in the balance of Level 3 fair value measurements is as follows:

	At 30 June 2022 RMB
<b>Unlisted equity investment:</b>	
At 1 January	181,000
Net realised gain recognised in profit or loss during the period	5,237
Disposal of investment	(186,237)
At 30 June	—

### 21 COMMITMENTS

At 30 June 2022, the Group has outstanding commitments, contracted but not provided for in the financial statement, in respect of the acquisitions of construction in progress and property, plant and equipment as follow:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Capital expenditure contracted for but not provided in the condensed consolidated financial statements	368,400	5,000,000

*(Expressed in Renminbi unless otherwise indicated)***22 MATERIAL RELATED PARTY TRANSACTIONS****(a) Name and relationship with related parties**

Name of the entities	Relationship
Septwolves Group Holding	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Septwolves Group	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Septwolves Asset Management Co., Ltd.* (廈門七匹狼資產管理有限公司) ("Septwolves Asset Management")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Xiamen Huakai Fugui Property Management* (廈門花開富貴物業管理有限公司) ("Huakai Fugui Property Management")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Fujian Jingong Machinery Co., Ltd.* (福建晉工機械有限公司) ("Jingong Machinery")	A company of which 50% interest held by Ke Jinding
Zijiang Capital	One of shareholders of the Group
Pirates Media. Co., Ltd.* (廈門市派若文化傳播有限公司) ("Pirates Media")	A company controlled by Chen Chunruo, close member of the Executive Director Huang Dake
Henghe Property (Fujian) Co., Ltd. * (恒禾物業(福建)有限公司) ("Henghe Property")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Lianhua (Xiamen) Aviation Food Co., Ltd.* (廈門聯華航空食品有限責任公司) ("Lianhua Food")	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming
Huishangcheng Trade	A company controlled by Zhou Yongwei, Zhou Shaoxiong and Zhou Shaoming

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

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 22 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (b) Remuneration for key management personnel

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2022 RMB	2021 RMB
Key management personnel remuneration	<b>647,928</b>	699,023

#### (c) Related parties transactions

The Group entered into below transactions in the ordinary course of business under normal commercial terms and at the market rates.

	Six months ended 30 June	
	2022 RMB	2021 RMB
Payment for leased assets		
– Jingong Machinery	<b>4,345,300</b>	4,684,000
Interest income		
– Baiyingcheng Trade*	*	189,877
– Huishangcheng Trade	<b>32,050</b>	–
Interest expense		
– Septwolves Group Holding	<b>205,307</b>	223,658
– Fujian Septwolves Group	<b>114,019</b>	63,281
Rental and property management fee		
– Septwolves Asset Management	<b>339,679</b>	454,769
– Huakai Fugui Property Management	<b>93,416</b>	124,676
– Henghe Property	<b>28,953</b>	13,461
– Lianhua Food	<b>24,514</b>	–
Marketing expense		
– Pirates Media	<b>87,258</b>	7,426
Lending to a related party		
– Baiyingcheng Trade*	*	8,300,000
– Huishangcheng Trade	<b>8,000,000</b>	–
Payment for marketing expense		
– Pirates Media	<b>27,500</b>	–
Disposal of unlisted equity investment		
– Lianhua Food	<b>186,237</b>	–
Investment gain for unlisted equity investment		
– Lianhua Food	<b>5,237</b>	–

Note: \* As of 29 December 2021, Jinjiang Baiyingcheng Trade Co., Ltd. no longer constituted a related party of the Group.

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 22 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (d) Balance with related parties

##### (i) Amounts due from related parties

	At 30 June 2022 RMB	At 31 December 2021 RMB
<b>Trade related</b>		
Prepayment for leasing assets		
– Jingong Machinery	165,082	40,601
Other prepayments		
– Pirates Media	–	60,706
<b>Non-trade related</b>		
Trade and other receivables		
– Zijiang Capital	59,910	57,276
Prepayment for guarantee fee to related parties		
– Septwolves Group Holding	36,374	254,000
– Fujian Septwolves Group	–	80,900
Prepayment for rental and property management		
– Septwolves Asset Management	1,500	–
– Huakai Fugui Property Management	1,200	–
Deposit for rental and property management		
– Septwolves Asset Management	–	152,250
– Huakai Fugui Property Management	21,075	37,315
– Lianhua Food	4,500	–
Unlisted equity investment		
– Lianhua Food	–	181,000
Advances to a related party		
– Huishangcheng Trade	8,033,973	–

## Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

### 22 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

#### (d) Balance with related parties (Continued)

##### (ii) Amounts due to related party

	At 30 June 2022 RMB	At 31 December 2021 RMB
<b>Trade related</b>		
Accounts payable		
– Jingong Machinery	137,058	115,148
<b>Non-trade related</b>		
Payables for guarantee fee to a related party		
– Fujian Septwolves Group	39,960	–

#### (e) Guarantees provided by related parties

The guarantees provided by related party to the Group as the end of the period/year were as follows:

	At 30 June 2022 RMB	At 31 December 2021 RMB
Fujian Septwolves Group	100,000,000	100,000,000
Septwolves Group Holding	294,000,000	294,000,000

### 23 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

No adjustment has been made in this interim financial report in this regard.