



CHINA HUIRONG FINANCIAL HOLDINGS LIMITED

中國匯融金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code : 1290



INTERIM REPORT  
2021



## **WE ARE COMMITTED TO BEING A LEADING COMPREHENSIVE FINANCING SERVICE PROVIDER IN CHINA.**

We are dedicated to providing diversified financial services including pawnshop, micro-finance, turnover loan fund, commercial factoring, insurance brokerage and investment services to our customers.

Our business currently mainly covers Suzhou, Hong Kong, Chengdu, Wuhan and Hefei, and is striving to become a leading service provider of inclusive finance and technology finance in the PRC.



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Wu Min (*Chairman and Chief Executive Officer*)  
Mr. Zhang Changsong (*Chief Financial Officer*)

### Non-executive Directors

Mr. Zhuo You  
Mr. Zhang Cheng  
Ms. Zhang Shu  
Mr. Ling Xiaoming

### Independent Non-executive Directors

Mr. Liang Jianhong<sup>1</sup>  
Mr. Feng Ke  
Mr. Tse Yat Hong

## COMMITTEE COMPOSITION

### Audit Committee

Mr. Tse Yat Hong (*Chairman*)  
Mr. Feng Ke  
Ms. Zhang Shu

### Remuneration Committee

Mr. Liang Jianhong (*Chairman*)<sup>2</sup>  
Mr. Tse Yat Hong  
Mr. Wu Min

### Nomination Committee

Mr. Wu Min (*Chairman*)  
Mr. Feng Ke  
Mr. Liang Jianhong<sup>3</sup>

### Technology Finance Business Committee

Mr. Feng Ke (*Chairman*)  
Mr. Wu Min  
Mr. Zhang Changsong

## JOINT COMPANY SECRETARIES

Mr. Chai Kun  
Miss Leung Ching Ching

## AUTHORISED REPRESENTATIVES

Mr. Wu Min  
Miss Leung Ching Ching

## REGISTERED OFFICE

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

23/F, No. 238  
Des Voeux Road Central  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

22/F, 345 Baodai East Road, Suzhou  
Jiangsu Province, the PRC

## PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited

1. Mr. Zhang Huaqiao has retired as an independent non-executive Director with effect from 28 May 2021. Mr. Liang Jianhong has been appointed as an independent non-executive Director with effect from 28 May 2021.
2. Mr. Zhang Huaqiao has ceased to act as the chairman of the Remuneration Committee with effect from 28 May 2021. Mr. Liang Jianhong has been appointed as the chairman of the Remuneration Committee with effect from 28 May 2021.
3. Mr. Zhang Huaqiao has ceased to act as a member of the Nomination Committee with effect from 28 May 2021. Mr. Liang Jianhong has been appointed as a member of the Nomination Committee with effect from 28 May 2021.

## HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

## PRINCIPAL BANKS

Jiangsu Bank, Suzhou Branch  
Suzhou Bank, Suzhou Branch

## AUDITORS

PricewaterhouseCoopers

## LEGAL ADVISERS

Mayer Brown  
Haiwen & Partners

## COMPANY'S WEBSITE

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

## STOCK CODE

The shares of the Company are listed on the Main Board of Stock Exchange

01290

# FINANCIAL SUMMARY

	Six Months Ended 30 June		
	2021 RMB'000	2020 RMB'000	Change %
<b>Operating Results</b>			
Operating income	<b>134,754</b>	138,174	-2%
Operating expenses	<b>14,509</b>	22,832	-36%
Profit attributable to owners of the Company	<b>14,776</b>	893	1,555%
Basic earnings per share (RMB Yuan)	<b>0.014</b>	0.001	1,300%
	As at		
	30 June 2021 RMB'000	31 December 2020 RMB'000	Change %
<b>Financial Position</b>			
Total assets	<b>2,712,986</b>	2,532,555	7%
Loans to customers	<b>1,888,767</b>	1,814,211	4%
Cash at bank and cash on hand	<b>417,597</b>	434,080	-4%
Net assets	<b>1,948,514</b>	1,941,898	0%



# MANAGEMENT DISCUSSION AND ANALYSIS

With the goal of achieving nationwide business coverage, the Company has fully leveraged its status as a listed company in Hong Kong and its access to the international capital markets and implemented the dual-driver strategy of “inclusive finance plus technology finance”, for striving to offer comprehensive financial services to small and medium enterprises (“SMEs”) and individual clients as well as offer quality and safe financial assets to investors and financial institutions. As our brand has been well recognized by the public with our stable asset quality and our continuously improved profitability, we have gradually developed into a company that offers comprehensive fin-tech services.

During the Reporting Period, the Company insisted on its business strategy of “reinforce marketing, improve risk control, seize development opportunities, and build high-level talent team”. Driven by external objective factors such as the significant improvement of the pandemic situation in Mainland China and the steady improvement of the macroeconomic situation, the Company’s marketing efforts have been effectively demonstrated, the risk control strategy has been strictly implemented, and the level of refined management has been significantly improved, showing a good recovery trend of business operations. During the Reporting Period, while consolidating the main position of inclusive finance business in revenue and profit, the Company actively deployed in the fields of art investment, special asset investment and equity investment. In order to form a high-caliber and flexibly functional talent team, the Company insist on introducing younger and professional external talents, tapping and enhancing the potential of internal talents. The Company attached great importance to promoting the construction of the headquarters building project, and strove to relocate the office location to the headquarters building within the year, and create sustainable and sound value contributions for the Shareholders.

## 1. BUSINESS REVIEW AND DEVELOPMENT

### 1.1 Inclusive Finance Business Division

Inclusive finance business division conducts its business through platforms such as Wuzhong Pawnshop (the largest pawnshop in Mainland China in terms of paid-up registered capital (RMB1,000 million)), Dongshan Micro-finance (a company with paid-up registered capital of RMB300 million and partially owned by local government), Huifang Rongtong (a company with paid-up registered capital of RMB75 million, and partially owned by a state-owned enterprise). Such division operates inclusive finance business by adhering to inclusive finance principle of small scale and decentralization and has attached great importance to risk prevention and control. Major products under this division include secured loans (including real estate backed loans and personal property backed loans) and unsecured loans (including equity interest backed loans, guaranteed loans and other unsecured loans), which focus on solving problems of short-term liquidity needs of SMEs and personal short-term liquidity needs. The business of inclusive finance business division currently mainly covers Suzhou, Hong Kong, Chengdu, Wuhan and Hefei, and is striving to become a leading service provider of inclusive finance in the PRC.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (a) Wuzhong Pawnshop

As of 30 June 2021, the following table sets out the details of total transaction amount and number of loans granted during the indicated periods:

	For the six months ended	
	30 June	
	2021	2020
<b>Total transaction amount of new secured loans (RMB' million)</b>		
Total transaction amount of new real estate backed loans	<b>396</b>	149
Total transaction amount of new personal property backed loans	<b>33</b>	25
<b>Total transaction number of new secured loans</b>		
Total transaction number of new real estate backed loans	<b>447</b>	169
Total transaction number of new personal property backed loans	<b>1,478</b>	1,747
<b>Total transaction amount of new unsecured loans (RMB' million)</b>	<b>328</b>	401
<b>Total transaction number of new unsecured loans</b>	<b>23</b>	39

Wuzhong Pawnshop primarily engages in secured loan and unsecured loan businesses. Secured loans business mainly includes real estate backed loans and personal property backed loans.

Real estate backed loan business primarily provides personal residential mortgage loans against properties located at core urban areas and is featured with low risks and low turnover rates. Its business coverage mainly concentrates in Jiangsu Province, Chengdu, Wuhan and Hefei of the PRC. As one of the core products of the inclusive finance business division, secured loan has quality customer resources and has maintained a sound and steady trend of development. As of 30 June 2021, the total transaction amount and number of new real estate backed loans granted by the Company were RMB396 million and 447, respectively, representing an increase as compared to the corresponding period of last year. The increase was because with the significant improvement of the pandemic situation and the tightening of the Chinese government's credit policy, the Company's business showed significant growth in customer acquisition.

For personal property backed pawn loan business, the Company has developed a variety of personal property pawn loan products, including gold, jewelry, works of art, diamonds, watches, luxury goods, and the business mainly covers urban areas of Suzhou. In 2021, the Company continued to promote the reform of the business of personal property backed pawn loan, which included the comprehensive promotion of store decoration and upgrading, the unification of store image, the expansion of product types, precision marketing and other fields. As of 30 June 2021, the Company granted new personal property backed pawn loans in the total transaction amount and number of RMB33 million and 1,478, respectively, which represented an increase in amount and a decrease in number as compared to the corresponding period of last year. This was due to the relatively high average amount per transaction of the Company's products such as watches and luxury goods.

Unsecured loans mainly include equity interest backed loans and other products, which are designed to enrich product categories, meet customers' differentiated credit demands, and offer comprehensive financial services to our customers. As of 30 June 2021, the Company granted new unsecured loans in the total transaction amount and number of RMB328 million and 23, respectively, representing a decrease as compared to the corresponding period of last year. This was due to the Company's marketing strategy to give priority to the credit needs of mortgage customers.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (b) Turnover loan business of Huifang Rongtong

Huifang Rongtong primarily engages in unsecured loan businesses. As of 30 June 2021, the following table sets out the details of total new loans granted to SMEs and individuals under our turnover loan business during the indicated periods:

	For the six months ended 30 June	
	2021	2020
Total new loan amount granted (RMB' million)	<b>1,151</b>	1,243
Total number of new loans granted	<b>220</b>	182
Balance at the end of the Reporting Period (RMB' million)	<b>60</b>	103

Huifang Rongtong primarily offers bank bridge loan. Bank bridge loan primarily provides funds for bridge of bank loans to SMEs who has continuous banking facility, with the features of low risks and high turnover rates. Currently, Huifang Rongtong has reached strategic cooperation on such bank bridge loan with more than 30 banks. The Company had established a sub-loan fund with Suzhou Wuzhong Financial Holdings Group Limited\* (蘇州市吳中金融控股有限公司), a company owned by the Wuzhong District Government in Suzhou of Jiangsu Province of the PRC, and such government-enterprise cooperation fund is scarce in Suzhou and even Jiangsu Province of the PRC. Such fund has served a large number of SMEs and local government platforms and accumulated over 1,000 individual and corporate customers.

As of 30 June 2021, the total amount and number of new loans granted by Huifang Rongtong were RMB1,151 million and 220, respectively, which represented a decrease in amount and an increase in number as compared to the corresponding period of last year. This was due to the small-amount and dispersed development trend of turnover loan business.

## (c) Dongshan Micro-finance

For the six months ended 30 June 2021, the following table sets out the details of total new loans secured by real estate, guaranteed loans and other unsecured loans during the indicated periods:

	For the six months ended 30 June	
	2021	2020
Total new loan amount granted (RMB' million)	<b>185</b>	126
Total number of new loans granted	<b>89</b>	59
Balance at the end of the Reporting Period (RMB' million)	<b>362</b>	375

Dongshan Micro-finance is one of the few micro-finance companies rated "AA" in Jiangsu Province of the PRC, and primarily engages in providing small loans for "rural areas, agriculture and rural people"\* (三農) purposes and financial services such as finance guarantee. Since its establishment, Dongshan Micro-finance has been operating steadily, creating continuous profit contribution for the Shareholders.

As of 30 June 2021, the total amount and number of new loans granted by Dongshan Micro-finance were RMB185 million and 89, respectively, both increased as compared to the corresponding period of last year. The increase was because with the significant improvement of the pandemic situation and the tightening of the Chinese government's credit policy, the Company's business showed significant growth in customer acquisition.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1.2 Technology Finance Business Division

The technology finance business division is mainly dedicated to three major operations including commercial factoring, supply chain management and Hong Kong operation. Functioning as a new strategic business division of the Company, it focuses on supply chain finance scenarios and provides customers with quality financial services by utilizing financial technologies such as big data, artificial intelligence and blockchain under the guidance of prudent and rigorous risk control policies.

### (a) Commercial Factoring Business

Huida Factoring was established on 30 May 2016 with a registered capital of RMB100 million and is principally engaged in accepting assignment of accounts receivable from core enterprise customers and installment of accounts receivable. The Company has changed the traditional operating model of factoring business through financial technologies and has effectively competed with traditional factoring companies through differential positioning and focusing on the funding demands under specific consumption and trading scenarios. The following table sets out the operating information of the factoring business during the indicated periods:

	For the six months ended 30 June	
	2021	2020
Total number of new transactions relating to accounts receivable assignment	5	8
Total amount of new transactions relating to accounts receivable assignment (RMB' million)	27	86

As at 30 June 2021, the total amount and number of new transactions relating to accounts receivable assignment granted by Huida Factoring were RMB27 million and 5, respectively, representing a decrease as compared to the corresponding period of last year. This was because the contract period of the commercial factoring business was long and the capital increase payment was completed last year. The source of funds for the new business this year mainly relies on bank financing.

### (b) Supply Chain Management

Huifang Supply Chain was committed to the development of supply chain agency procurement and agency sales business mainly for consumer electronics goods, milk, grain and oil, liquor and other consumer goods fields, and always focused on new supply chain scenarios to provide financial services for SMEs.

### (c) Hong Kong Operation

The technology finance business division continued to operate a money lender's license in Hong Kong and carried out business in cooperation with local licensed money lenders. As of 30 June 2021, the balance of outstanding loans was RMB22 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 1.3 Insurance Brokerage Business Division

By taking “Integrity, Responsibility, Professionalism and Compliance” as its corporate philosophy, Huifang Anda, formerly named as Nanjing Shun’an Insurance Agency Company Limited\* (南京舜安保險代理有限公司), a branch under insurance brokerage business division, actively integrated its resources with local government and insurers to target insurance consortium, government and state-owned platforms, foreign-funded enterprises as the business expansion direction. Its brokerage business scope of insurances covers property insurance, credit and guarantee insurance, liability insurance, personal insurance and others.

## 2. FINANCIAL REVIEW

### 2.1 Overall Financial Data

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
<b>Operating Results</b>		
Operating income	<b>134,754</b>	138,174
Net operating income	<b>68,816</b>	29,324
Net assets	<b>1,948,514</b>	1,936,908
Administrative expenses	<b>31,395</b>	28,776
Income tax expenses	<b>12,083</b>	7,488
Profit attributable to equity holders	<b>14,776</b>	893
Basic earnings per share	<b>0.014</b>	0.001

### 2.2 Financial Analysis on Three Principal Business Divisions and Headquarters Management

#### 2.2.1 Inclusive Finance Business Division

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Operating income	<b>116,054</b>	117,178
Operating expenses and expected credit loss	<b>69,751</b>	90,553
Profit before tax	<b>46,303</b>	26,625

For the first half of 2021, with the significant improvement of the pandemic situation and the tightening of the Chinese government’s credit policy, the inclusive finance business division’s customer acquisition returned to normal. As of 30 June 2021, the operating income amounted to RMB116,054 thousand and the profit before tax amounted to RMB46,303 thousand.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 2.2.2 Technology Finance Business Division

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Operating income	<b>8,856</b>	4,460
Operating expenses and expected credit loss	<b>7,224</b>	5,076
Profit/(loss) before tax	<b>1,632</b>	(616)

For the first half of 2021, the technology finance business division insisted on exploring and innovating around the supply chain scenario, and the factoring business successfully implemented equity and debt financing, bringing new development opportunities. As of 30 June 2021, the operating income amounted to RMB8,856 thousand and the profit before tax amounted to RMB1,632 thousand.

## 2.2.3 Insurance Brokerage Business Division

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Operating income	<b>819</b>	3,207
Operating cost	<b>1,320</b>	3,855
Other non-operating losses	<b>(822)</b>	(850)
Loss before tax	<b>(1,323)</b>	(1,498)

For the first half of 2021, due to the cancellation of the compulsory insurance requirements of the Construction Workers' Accident Insurance Coinsurance, the insurance brokerage business shifted to self-operated business, resulting in a decrease in the operating income and costs. As of 30 June 2021, the operating income amounted to RMB819 thousand and the loss before tax amounted to RMB1,323 thousand.

## 2.2.4 Headquarters and Others

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Operating income	<b>9,364</b>	12,361
Operating cost	<b>7,952</b>	13,424
Other non-operating losses	<b>(12,877)</b>	(11,642)
Loss before tax	<b>(11,465)</b>	(12,705)



# MANAGEMENT DISCUSSION AND ANALYSIS

As the core of the Group's progress and development, the headquarters has undertaken the service functions of investment management, risk prevention and control, scientific and technological support, logistics support, etc. In recent years, it has been committed to lowering costs and increasing efficiency. In the future, it will continue to promote fine management to increase income and reduce expenditure.

## 3. CREDIT RISK

### 3.1 Loan Classification and Impairment Allowances

The following table analyzes the credit exposure of financial instruments that are included in the expected credit loss assessment.

Unaudited	As at 30 June 2021 ECL staging				As at 31 December 2020
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000	Total RMB'000
<b>Loans to customers</b>					
Secured loans to customers (a)	550,467	15,040	874,996	1,440,503	1,266,496
Unsecured loans to customers (b)	838,406	15,771	250,481	1,104,658	1,151,385
<b>Gross carrying amount</b>	<b>1,388,873</b>	<b>30,811</b>	<b>1,125,477</b>	<b>2,545,161</b>	2,417,881
Loss allowances	(30,391)	(6,742)	(619,261)	(656,394)	(603,670)
<b>Carrying amount</b>	<b>1,358,482</b>	<b>24,069</b>	<b>506,216</b>	<b>1,888,767</b>	1,814,211

# MANAGEMENT DISCUSSION AND ANALYSIS

Unaudited	As at 30 June 2021 ECL staging				As at 31 December 2020
	Stage 1 12-month ECL RMB'000	Stage 2 Lifetime ECL RMB'000	Stage 3 Lifetime ECL RMB'000	Total RMB'000	Total RMB'000
<b>Term deposits with banks</b>					
<b>Credit grade</b>					
AAA	324,159	—	—	324,159	325,306
<b>Gross carrying amount</b>	324,159	—	—	324,159	325,306
Loss allowances	(164)	—	—	(164)	(164)
<b>Carrying amount</b>	323,995	—	—	323,995	325,142
<b>Other current assets (excluding repossessed assets)</b>					
<b>Gross carrying amount</b>	10,949	—	2,445	13,394	7,076
Loss allowances	—	—	(1,561)	(1,561)	(1,607)
<b>Carrying amount</b>	10,949	—	884	11,833	5,469
<b>Guarantee and commitment</b>					
Financial guarantees exposure	43,450	—	—	43,450	48,550

- (a) Secured loans to customers comprise real estate backed loans and personal property backed loans.
- (b) Unsecured loans to customers comprise equity interest backed loans, guaranteed loans and other unsecured loans.

# MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of impairment allowance of the Group as of the indicated dates:

	<b>30 June 2021 RMB'000</b>	31 December 2020 RMB'000
Secured loans to customers	<b>417,547</b>	363,747
Unsecured loans to customers	<b>238,847</b>	239,923
	<b>656,394</b>	603,670

In light of the changes in market environment, impairment allowances were accrued to adequately reflect the Group's market risk exposure. As at 30 June 2021, the aggregate impairment allowance for secured loans to customers and unsecured loans to customers amounted to RMB656,394 thousand, representing approximately 25.79% of the total outstanding loans granted to customers (before provision); the overall impairment allowance of the Company increased by RMB52,724 thousand as compared to the end of last year.

## 3.2 New Loans under Legal Proceedings

	<b>For the six months ended 30 June 2021 RMB'000</b>	For the six months ended 30 June 2020 RMB'000
<b>New Secured Loans</b>		
Number of clients	<b>16</b>	18
Outstanding loans (RMB' thousand)	<b>13,080</b>	38,494
<b>New Unsecured Loans</b>		
Number of clients	—	7
Outstanding loans (RMB' thousand)	—	21,591

For the six months ended 30 June 2021, the balance of new secured loans under legal proceedings and new unsecured loans under legal proceedings was RMB13,080 thousand and RMB0, respectively, representing a decrease of the balance of new loans under legal proceedings as compared to the corresponding period of last year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 4. BORROWINGS

	<b>30 June 2021 Unaudited RMB'000</b>	31 December 2020 Audited RMB'000
<b>Non-current</b>		
Bank borrowings (a)	<b>95,380</b>	50,380
<b>Current</b>		
Bank borrowings (b)	<b>568,380</b>	436,489
Borrowings from micro-finance companies (c)	<b>3,000</b>	23,500
Borrowings from other company (d)	<b>8,500</b>	—
	<b>579,880</b>	459,989
	<b>675,260</b>	510,369

(a) As at 30 June 2021, non-current bank borrowing with principle amount of RMB95.4 million (31 December 2020: RMB50.4 million) is borrowed specifically for the construction of China Huirong Headquarters Building. The borrowing is repaid in a scheduled instalments within 6 years and bears floating interest rate of the 5-year LPR plus 15 bps. The borrowing is secured by the land-use right held by the Group and guaranteed by Wuzhong Group. As at 30 June 2021, the undrawn bank borrowing facilities are RMB0.1 million (31 December 2020: RMB49.6 million).

(b) Current bank borrowings are all with maturity within one year and bear fixed interest rates ranging from 3.40% to 6.59% per annum in the six months ended 30 June 2021 (2020: fixed rate from 3.60% to 5.95%).

As at 30 June 2021, no bank borrowings are secured by restricted term USD deposits (31 December 2020: bank borrowings with principal amount of RMB210.8 million are secured by restricted term deposits of US\$33.8 million) (Note 30).

As at 30 June 2021, bank borrowings with principal amount of RMB272.0 million (31 December 2020: RMB65.5 million) are secured by restricted term deposits of RMB287.0 million (31 December 2020: RMB68.6 million) (Note 30).

As at 30 June 2021, bank borrowings with principal amount of RMB135.5 million are secured by structured deposits of RMB140.4 million (31 December 2020: nil) (Note 29).

As at 30 June 2021, bank borrowings with principal amount of RMB120.0 million (31 December 2020: RMB120.2 million) are guaranteed by Wuzhong Jiaye and the Ultimate Shareholders (Note 37(b)).

As at 30 June 2021, bank borrowings with principal amount of RMB10.0 million are guaranteed by Suzhou Guofa Financing Guarantee Co., Ltd. (31 December 2020: nil).



# MANAGEMENT DISCUSSION AND ANALYSIS

- (c) As at 30 June 2021, borrowings from microfinance companies with principal amount of RMB3.0 million are guaranteed by Wuzhong Group (31 December 2020: RMB23.5 million) (Note 37(b)).
- (d) As at 30 June 2021, borrowings from Jiangsu Jinnong Co., Ltd. with principal amount of RMB8.5 million are guaranteed by Jiangsu Jinchuang Credit Re-guarantee Co., Ltd. (31 December 2020: nil).

As at 30 June 2021, the gearing ratios of the Group was 34.66%. The Group monitors capital using a gearing ratio, which is net debt divided by equity. The Group's policy is to maintain the gearing ratio as low as possible.

For the six months ended 30 June 2021, the Group did not use any financial instruments for hedging purposes.

## 5. CAPITAL EXPENDITURE

Our capital expenditure primarily consists of property, plant and equipment, intangible assets and construction in progress. Our capital expenditure was RMB18,230 thousand for the six months ended 30 June 2021, as compared to RMB2,336 thousand for the corresponding period of last year.

## 6. EXPOSURE TO FOREIGN EXCHANGE RISK

For the six months ended 30 June 2021, the net foreign currency losses of the Group were RMB2,751 thousand, representing a decrease as compared to the net foreign currency gains were RMB11,357 thousand for the corresponding period of last year. The Group is free from material foreign exchange risk and does not conduct any related hedging as it concludes deals in RMB.

## 7. PLEDGE OF ASSETS

As at 30 June 2021, land-use right of RMB34.2 million of the Group (31 December 2020: RMB34.6 million) is pledged with banks to secure borrowings.

As at 30 June 2021, structured deposits with principal amount of RMB140.4 million of the Group are pledged with banks to secure the Group's borrowings with principal amount of RMB135.5 million (31 December 2020: nil).

As at 30 June 2021, restricted term deposits of RMB287.0 million (31 December 2020: RMB68.6 million) are pledged with banks to secure the Group's bank borrowings with principal amount of RMB272.0 million of the Group (31 December 2020: RMB65.5 million).

Save as disclosed above, during the six months ended 30 June 2021, the Group did not have any pledge of assets.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 8. SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

### 8.1 Establishment of Nanjing Yiling

On 8 May 2021, Nanjing Yiling was formally established in Nanjing, the PRC, with a registered capital of RMB55 million to develop artwork investment, artwork custody, artwork disposal and other businesses. The Company promised to invest RMB30.25 million, with a shareholding ratio of 55%, and had paid RMB20 million as at 30 June 2021 (Non-controlling shareholders have not yet paid their capital contributions). The Group's investment strategy is to expand the art financial market and achieve diversified development.

### 8.2 Establishment of Suzhou Cibe

On 16 April 2021, Suzhou Cibe was formally established in Suzhou, the PRC, with a registered capital of RMB50 million to develop special asset investment, special asset disposal, special asset operation and other businesses. The Company promised to invest RMB45 million, with a shareholding ratio of 90%, and had paid RMB10.1 million as at 30 June 2021. The Group's investment strategy is to use the experience and resources accumulated in Suzhou for many years to obtain excess returns from the disposal of special assets.

### 8.3 Establishment of Huifang Rongcui

On 29 June 2021, Huifang Rongcui was formally established in Suzhou, the PRC, with a registered capital of RMB100 million to develop direct equity investment, FOF investment and other businesses. The Company promised to invest RMB90 million with a shareholding ratio of 90%, which had not been paid as at 30 June 2021. Suzhou Rongcui Management Consulting Partnership (LP)\* (蘇州融萃企業管理諮詢合夥企業(有限合夥)) ("Rongcui") promised to invest RMB10 million, with a shareholding ratio of 10%. Rongcui is funded by 13 natural person shareholders, all of whom are members of the Company's management and business team (including two executive directors who held 20% of the equity interest in Rongcui), and its purpose is to serve as a co-investor platform for the Company. The Group's investment strategy is to seize the development opportunities of new energy, smart manufacturing, medical and health industries, and realize the coordinated development of debt business and equity business.

As at 30 June 2021, the fair value of each of the abovementioned investments represented less than 5% of the total assets of the Group. As at 30 June 2021, the Group did not hold any significant investments in the equity interests of any other companies. The Group did not have any other material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 9. CONTINGENCIES, CONTRACTUAL OBLIGATIONS AND CASH USAGE ANALYSIS

### 9.1 Contingencies

As at 30 June 2021 the Group did not have any material contingencies (2020: nil).

### 9.2 Commitments

#### (a) Capital commitments

	<b>30 June 2021 Unaudited RMB'000</b>	31 December 2020 Audited RMB'000
China Huirong Headquarter Building	<b>44,534</b>	87,162
Huifang Rongcui (i)	<b>90,000</b>	—
Suzhou Cibe (ii)	<b>34,870</b>	—
Nanjing Yiling (iii)	<b>10,250</b>	—
	<b>179,654</b>	87,162

- (i) The committed capital injection to Huifang Rongcui is RMB90.0 million which had not been paid by the Group as at 30 June 2021 (31 December 2020: Nil).
- (ii) The committed capital injection to Suzhou Cibe is RMB45.0 million, of which RMB34.9 million had not been paid by the Group as at 30 June 2021 (31 December 2020: Nil).
- (iii) The committed capital injection to Nanjing Yiling is RMB30.3 million, of which RMB10.3 million had not been paid by the Group as at 30 June 2021 (31 December 2020: Nil).

### 9.3 Cash Usage Analysis

As at 30 June 2021, the Group's cash and cash equivalents amounted to RMB90,883 thousand, representing an increase of RMB9,785 thousand as compared to the corresponding period of last year. The following table sets forth a summary of our cash flows for the indicated periods:

	<b>Six months ended 30 June</b>	
	<b>2021 RMB'000</b>	2020 RMB'000
Net cash (outflow)/inflow from operating activities	<b>(107,104)</b>	425,679
Net cash outflow from investing activities	<b>(28,360)</b>	(2,336)
Net cash inflow/(outflow) from financing activities	<b>122,664</b>	(523,010)
Net decrease in cash and cash equivalents	<b>(12,800)</b>	(99,667)
Exchange loss on cash and cash equivalents	<b>(236)</b>	(273)

# MANAGEMENT DISCUSSION AND ANALYSIS

## Net Cash Flow from Operating Activities

During the Reporting Period, net cash outflow from operating activities amounted to RMB107,104 thousand, mainly due to the increase in the loans granted to customers.

## Net Cash Flow from Investing Activities

During the Reporting Period, net cash outflow from investing activities amounted to RMB28,360 thousand, mainly due to the increase in the investment in China Huirong Headquarter Building and special asset investment business.

## Net Cash Flow from Financing Activities

During the Reporting Period, net cash inflow from financing activities amounted to RMB122,664 thousand, mainly due to the increase in the financing of Huida Factoring, Huifang Supply Chain and Huifang Tongda.

## 10. HUMAN RESOURCE AND EMPLOYEE BENEFITS

As at 30 June 2021, the Group had a total of 138 full-time employees, decreasing from 140 as at 31 December 2020. The main reason was that the Company continued to carry out human resource optimization work and adjust the number of our employees and our remuneration policy based on the development of our business and review of our employees' performance.

For the six months ended 30 June 2021, employee remuneration and benefits increased by RMB835 thousand to RMB17,753 thousand from the corresponding period last year.

The Group reviews on an annual basis and discretionary bonus is paid on an annual basis with reference to the Group's performance and individual performance. We adhere to fostering a working environment with opportunities for learning and career development for our employees, and the Group provides employees with a comprehensive range of staff training scheme, including financial knowledge, compliance and leadership management, so as to help them achieve both their personal and professional development goals.

Pursuant to the applicable PRC regulations, we have made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We have been in compliance with all statutory social insurance and housing fund obligations applicable to us under PRC laws in all material respects. We are not subject to any collective bargaining agreements.

## 11. FUTURE PLANS RELATING TO MATERIAL INVESTMENTS

Save as the capital commitments disclosed in this report, the Group has no other plans for material investments or acquisition of capital assets. However, the Group will continue to seek new business development opportunities.



# MANAGEMENT DISCUSSION AND ANALYSIS

## 12. EVENTS AFTER REPORTING PERIOD

On 2 July 2021, Huifang Tongda, Suzhou Wuzhong Gaoxin Entrepreneurship Service Co., Ltd.\* (蘇州吳中高新創業服務有限公司) (“Wuzhong Gaoxin”), Suzhou Dongfang Venture Investment Co., Ltd.\* (蘇州東方創業投資有限公司) (“Dongfang Investment”) and Suzhou Wuzhong City Construction Investment Development Co., Ltd.\* (蘇州市吳中城市建設投資發展有限公司) (“Wuzhong Investment”), entered into an agreement and agreed to further increase the registered capital of Huida Factoring (the “Capital Increase”). In particular, Huifang Tongda, Wuzhong Gaoxin and Dongfang Investment agreed to contribute RMB30 million, RMB10 million and RMB10 million, respectively, in proportion to their respective shareholding in Huida Factoring. Wuzhong Investment agreed to contribute RMB20 million as an incoming shareholder of Huida Factoring. Upon completion of the Capital Increase, the total amount of capital contribution made by the Company to Huida Factoring through Huifang Tongda would become RMB90 million, whereas the shareholding in it would decrease from 60.00% to 52.94%. For details, please refer to the Company’s announcement dated 2 July 2021.

On 26 July 2021, the Group invested RMB9.0 million in Huifang Rongcui to develop equity investment business.

Save as disclosed above, there is no significant event after 30 June 2021.

## PROSPECTS

**Inclusive Finance Business Division:** First, the Company will continue to develop small-amount, dispersed and short-term inclusive finance to continuously improve market competitiveness; second, the Company will promote the national expansion of the pawnshop, and create a chain-like operation pattern with real estate backed loans as the core business; third, the Company will attach importance to the smooth operation of turnover loan business and fulfill the social responsibility of serving SMEs; fourth, the Company will continue to upgrade the image of pawnshops, emphasize brand promotion, and enrich product categories to expand the customer base.

**Technology Finance Business Division:** First, the Company will adhere to create a development pattern with supply chain as the scenario, commercial factoring as the core business, and supply chain management and Hong Kong operation as the link; second, the Company will make full use of the advantages of the state-owned and collectively-owned equity participation to obtain bank financing and improve profitability; third, the supply chain management business will seize the trend of consumption upgrades, and provide supply chain agency procurement and agency sales service for well-known brands; fourth, the Company will continue to pay attention to the epidemic situation in Hong Kong and secure good service to existing customers.

**Insurance Brokerage Business Division:** First, the Company will use the resources of the government and industry to explore a new cooperative mode of coinsurance; second, the Company will expand the proportion of self-operated business in the customer-oriented manner, and actively participate in market bidding; third, the Company will strengthen cooperation with external insurance brokerage agencies and insurance appraisal agencies to form a coordinated development pattern.

**Headquarters and others:** First, the Company will implement the concept of refined management and continue to implement human resource optimization plans to reduce administrative expenses; second, the Company will focus on the construction of China Huirong headquarters building, which is planned to be used within the year; third, the Company will focus on developing new business such as art investment, special assets investment and equity investment to optimize the Company’s business structure and seize opportunities in the field of alternative assets and equity.

## OTHER INFORMATION

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

The Company and its subsidiaries did not purchase, sell or redeem any of its securities during the six months ended 30 June 2021.

### DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in this report, no transaction, arrangement or contract of significance to which the Company or its subsidiaries was a party and in which a Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisting during or at the end of the six months ended 30 June 2021.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

#### (1) Long positions in the shares of the Company

Name of Director	Nature of Interest	Type of Interest	Number of Shares or Underlying Shares	Percentage of the Total Issued Shares (Note 4)
Wu Min	Beneficial owner	Share Options	1,965,000 (L) (Note 2)	0.18%
	Beneficial owner	Ordinary Shares	1,840,000 (L)	0.17%
Zhang Changsong	Beneficial owner	Share Options	1,572,000 (L) (Note 2)	0.14%
	Beneficial owner	Ordinary Shares	2,490,000 (L)	0.23%
Zhuo You	Beneficial owner	Share Options	791,000 (L) (Note 2)	0.07%
	Interest in controlled corporation	Ordinary Shares	39,000,000 (L) (Note 3)	3.59%
Zhang Shu	Beneficial owner	Share Options	491,000 (L) (Note 2)	0.05%
	Beneficial owner	Ordinary Shares	600,000 (L)	0.06%
Zhang Cheng	Beneficial owner	Share Options	791,000 (L) (Note 2)	0.07%

## OTHER INFORMATION

Name of Director	Nature of Interest	Type of Interest	Number of Shares or Underlying Shares	Percentage of the Total Issued Shares (Note 4)
Feng Ke	Beneficial owner	Share Options	982,000 (L) (Note 2)	0.09%
Tse Yat Hong	Beneficial owner	Share Options	1,582,000 (L) (Note 2)	0.15%

Notes:

- (L) represents long position.
- Details of the interest in the Share Option Scheme are set out in the section headed "SHARE OPTION SCHEME" below and the announcement of the Company dated 13 September 2016.
- These Shares are held by Assyria Babylon Investment Co., Ltd which is 100% beneficially owned by Mr. Zhuo You, and therefore, Mr. Zhuo You is deemed to be interested in all these Shares under the SFO.
- Based on a total of 1,087,771,000 Shares in issue as at 30 June 2021.

### (2) Long positions in the shares of the Company's associated corporations (within the meaning of Part XV of the SFO)

Name of Director	Name of Associated Corporation	Nature of Interest	Amount of Registered Capital	Percentage of the Total Registered Capital
Zhuo You	Wuzhong Jiaye	Beneficial owner	RMB57,000,000 (L)	6%
	Hengyue Consulting	Beneficial owner	RMB12,000,000 (L)	6%

Note:

- (L) represents long position.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executive of the Company had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, the following parties (other than the Directors and chief executive of the Company) had interests and short positions of 5% or more of the Shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

#### Long positions in the shares of the Company:

Name of Shareholder	Nature of Interest	Class of Shares	Number of Shares	Percentage of the Total Issued Shares (Note 7)
Xiaolai Investment Co., Ltd	Beneficial owner	Ordinary Shares	260,000,000 (L)	23.90%
Xilai Investment Co., Ltd	Beneficial owner	Ordinary Shares	65,000,000 (L)	5.98%
Zhu Tianxiao	Interest in controlled corporation	Ordinary Shares	325,000,000 (L) (Note 2)	29.88%
Baoxiang Investment Co., Ltd	Beneficial owner	Ordinary Shares	84,500,000 (L)	7.77%
Zhang Xiangrong	Interest in controlled corporation	Ordinary Shares	84,500,000 (L) (Note 3)	7.77%
Wonder Capital Co., Ltd	Beneficial owner	Ordinary Shares	71,500,000 (L)	6.57%
Ge Jian	Interest in controlled corporation	Ordinary Shares	71,500,000 (L) (Note 4)	6.57%
Southern Swan Investment Co., Ltd	Beneficial owner	Ordinary Shares	65,000,000 (L)	5.98%
Chen Yannan	Beneficial owner	Share Options	1,965,000 (L) (Note 5)	0.18%
	Beneficial owner	Ordinary Shares	1,200,000 (L)	0.11%
	Interest in controlled corporation	Ordinary Shares	65,000,000 (L) (Note 6)	5.98%

Notes:

1. (L) represents long position.
2. These Shares represent the 260,000,000 Shares held by Xiaolai Investment Co., Ltd and 65,000,000 Shares held by Xilai Investment Co., Ltd. Each of Xiaolai Investment Co., Ltd and Xilai Investment Co., Ltd is 100% beneficially owned by Mr. Zhu Tianxiao. Accordingly, Mr. Zhu Tianxiao is deemed to be interested in all the Shares beneficially owned by Xiaolai Investment Co., Ltd and Xilai Investment Co., Ltd under the SFO.
3. These Shares are held by Baoxiang Investment Co., Ltd, which is 100% beneficially owned by Mr. Zhang Xiangrong, and therefore, Mr. Zhang Xiangrong is deemed to be interested in all these Shares under the SFO.
4. These Shares are held by Wonder Capital Co., Ltd, which is 100% beneficially owned by Mr. Ge Jian, and therefore, Mr. Ge Jian is deemed to be interested in all these Shares under the SFO.
5. Details of interest in Share Option Scheme are set out in the section headed "SHARE OPTION SCHEME" below and the announcement of the Company dated 13 September 2016.
6. These Shares are held by Southern Swan Investment Co., Ltd which is 100% beneficially owned by Mr. Chen Yannan, and therefore, Mr. Chen Yannan is deemed to be interested in all these Shares under the SFO.
7. Based on a total of 1,087,771,000 Shares in issue as at 30 June 2021

Save as disclosed above, as at 30 June 2021, no person or corporation, other than the Directors and chief executive of the Company, whose interests are set out in the section headed "Directors' and chief executive's interests and short positions in shares and underlying shares and debentures" above, had registered an interest or short position in the Shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

## SHARE OPTION SCHEME

On 26 May 2014, a share option scheme (the "Share Option Scheme") of the Company was approved and adopted by the shareholders of the Company. The principal terms of the Share Option Scheme, which shall be valid and effective for 10 years from its adoption date and, are summarized below.

### Purpose

The purpose of the Share Option Scheme is to incentivize and reward the eligible participants for their contribution to the Group and to align their interests with that of the Company so as to encourage them to work towards enhancing the value of the Company.

### Eligible participants

Pursuant to the Share Option Scheme, the Board may offer any employee (whether full-time or part-time) or a director of the Group options to subscribe for shares of the Company.

### Total number of Shares available for issue under the Share Option Scheme

As at 30 June 2021, a total of 50,000,000 share options were granted, of which 12,534,000 have been exercised. As at 30 June 2021, the number of remaining options is 26,249,000 shares, representing approximately 2.41% of the issued share capital of the Company as at the date of this interim report.

## OTHER INFORMATION

### (a) 10% limit

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the total issued Shares as at the date of adoption of the Share Option Scheme (the "Scheme Mandate Limit"). Options lapsed in accordance with the terms of the Share Option Scheme and any share option schemes of the Company will not be counted for the purpose of calculating the Scheme Mandate Limit.

The Company may, from time to time, refresh the Scheme Mandate Limit by obtaining the approval of the Shareholders in general meeting, provided that 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 share option schemes of the Company under the limit as refreshed must not exceed 10% of the Shares in issue as at the date of the Shareholders' approval of the refreshed limit.

The Company may also seek separate approval of the Shareholders in general meeting for granting options beyond the Scheme Mandate Limit or the refreshed limit to any eligible persons specifically identified by the Board.

### (b) 30% limit

The overall limit on the 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 share option schemes of the Company must not, in aggregate, exceed 30% of the Shares of the Company in issue from time to time.

### Maximum entitlement of each eligible person

No option shall be granted to any eligible person under the Share Option Scheme which, if exercised, would result in such eligible person becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued or to be issued to him under all options granted to him (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of offer of such options, exceeds 1% of the Shares in issue at such date. Any further grant of options to an eligible person in excess of the 1% limit as mentioned above shall be subject to the approval of the Shareholders in general meeting with such eligible person and his close associates (as defined in the Listing Rules) abstaining from voting.

### Exercise price

The exercise price shall be determined by the Board in its absolute discretion but in any event shall be not less than the highest of:

- (a) the closing price of the Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets of the Stock Exchange for the 5 trading days immediately preceding the date of grant; and
- (c) the nominal value of the Shares.

### Performance targets and minimum period for which an option must be held

The Board may, when making an offer of the grant of an option, impose and specify in the offer letter any terms and conditions as it may at its absolute discretion think fit, including any vesting schedule and/or conditions, any minimum period for which any option must be held before it can be exercised and/or any performance target which need to be achieved by an option-holder before the option can be exercised.



## OTHER INFORMATION

### Amount payable upon acceptance of option

HK\$1.00 is payable by each eligible person to the Company on acceptance of an offer of option.

On 13 September 2016, the Board considered and approved the grant of 50,000,000 share options to certain eligible persons under the Share Option Scheme. The options granted to each of the grantees under the Share Option Scheme shall be vested and become exercisable upon the first or second anniversary of the date of grant (i.e. 13 September 2016 or 13 September 2017). Vested options shall be exercisable until the expiry of the five-year period from the date of grant (i.e. until 12 September 2021). Grantees of such options are entitled to exercise the options at an exercise price of HK\$0.62 per Share. For more details, please refer to the announcement of the Company dated 13 September 2016.

### Remaining life of the Share Option Scheme

The Share Option Scheme will expire on 26 May 2024 and no further share options may be granted but the provisions of the Share Option Scheme shall in all other respects remain in force and effect necessary to give effect to the exercise of any Share options granted prior thereto which are at that time or become thereafter capable of exercise under the Share Option Scheme, or otherwise to the extent as may be required in accordance with the provisions of the Share Option Scheme.

Particulars of the outstanding options granted under the Share Option Scheme are set out below:

Name or category of participants	No. of Shares involved in the options outstanding as at 1 January 2021	Granted during the Period	Exercised during the Period	Forfeited during the Period	No. of Shares involved in the options outstanding as at 30 June 2021
<b>Directors</b> (Note 4)					
Wu Min	1,965,000	—	—	—	1,965,000
Zhang Changsong	1,572,000	—	—	—	1,572,000
Zhuo You	791,000	—	—	—	791,000
Zhang Cheng	791,000	—	—	—	791,000
Zhang Shu	491,000	—	—	—	491,000
Feng Ke	982,000	—	—	—	982,000
Tse Yat Hong	1,582,000	—	—	—	1,582,000
Subtotal	8,174,000	—	—	—	8,174,000
<b>Employees</b> (Note 4)					
Employees	18,077,000	—	2,000 (Note 5)	—	18,075,000
<b>Total</b>	26,251,000	—	2,000	—	26,249,000

## OTHER INFORMATION

### Notes:

1. The closing price of the Shares preceding the date on which the share options were granted was HK\$0.59.
2. The vesting of all share options granted to the eligible persons is conditional upon the achievement of certain performance targets by the relevant individual grantees and/or the Group as set out in their respective offer letters.
3. On 16 June 2014, the Company granted 50,000 thousand share options to directors and selected employees with an exercise price of HK\$1.4 as incentives or rewards for their contribution or potential contribution to the Group. For details, please refer to the announcement of the Company dated 10 June 2014.

In 2015, the Group did not achieve the target profit, thus the share option plan was forfeited and the accumulated expense as at the end of 2015 was reversed.

4. On 13 September 2016, the Company granted 50,000 thousand share options to directors and selected employees with an exercise price of HK\$0.62 per Share as incentives or rewards for their contribution or potential contribution to the Group. Each grantee will be entitled to exercise his/her respective share options in the following manner:
  - (a) conditional upon the achievement of certain performance targets by the relevant individual grantees and/or the Group, up to 50% of the share options so granted to him/her at any time during the period commenced from 13 September 2017 and ending on 12 September 2021; and
  - (b) conditional upon the achievement of certain performance targets by the relevant individual Grantees and/or the Group, up to 100% of the Share Options so granted to him/her less the Share Options which have been exercised by him/her at any time during the period commenced from the 13 September 2018 and ending on 12 September 2021.

No participant was granted with share options in excess of the individual limit as set out in the Share Option Scheme.

The weighted average fair value of options are determined by Black-Scholes model. Such value is subject to a number of assumptions and with regard to the limitation of the model.

5. The exercise price of the share options was HK\$0.62 per Share. The weighted average closing price of the Shares immediately before the date(s) on which the share options were exercised was HK\$1.05.
6. There was no share options granted, cancelled or lapsed under the Share Option Scheme during the six months ended 30 June 2021.

## ISSUE OF EQUITY SECURITIES

During the six months ended 30 June 2021, the Company did not issue any equity securities.

## CORPORATE GOVERNANCE PRACTICES

The Company's corporate governance practices are based on the principles and code provisions set forth in the CG Code.

In the opinion of the Board, the Company has complied with the principles and code provisions set out in the CG Code during the six months ended 30 June 2021, except for Code Provision A.2.1 which requires that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. Given that Mr. WU Min assumes the roles of both chairman and chief executive officer, the Company deviated from this code provision. The Board considers that this management structure is effective in terms of the formulation and implementation of the Company's strategies and the Company's operations. Notwithstanding the deviation, the Board is of the view that it is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Group and the Shareholders. The Board will review the management structure from time to time and the need to separate the roles of the chairman of the Board and the chief executive officer to two individuals.

### MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Specific enquiry has been made to all Directors, and the Directors have confirmed that they had complied with the Model Code during the six months ended 30 June 2021.

### CHANGE IN DIRECTORS' INFORMATION

From 1 January 2021 to the date of this report, the changes in the directors' information of the Company are as follows:

Mr. ZHANG Huaqiao has retired as an independent non-executive Director, and ceased to act as the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 28 May 2021.

Mr. Liang Jianhong has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 28 May 2021.

Mr. Feng Ke, an independent non-executive Director, has been a full professor of the Peking University School of Economics (北京大學經濟學院) since 11 June 2021; an independent non-executive director of Aotecar New Energy Technology Co., Ltd. (the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002239)), since 20 July 2021; and an independent non-executive director of Liaoning Cheng Da Co., Ltd. (the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600739)), since 18 August 2021.

### REVIEW OF INTERIM RESULTS

The accounting information contained in this report has not been audited by the independent auditor of the Company. However, the Audit Committee together with the management of the Company have reviewed the accounting policies and practices adopted by the Group and discussed, among other things, internal controls and financial reporting matters including a review of the unaudited interim results for the six months ended 30 June 2021. In addition, the independent auditor of the Company has reviewed the unaudited interim financial information for the six months ended 30 June 2021 in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### DIVIDEND

The Board did not recommend an interim dividend for the six months ended 30 June 2021.

By Order of the Board  
**China Huirong Financial Holdings Limited**  
**Wu Min**  
*Chairman*

Hong Kong, 27 August 2021

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**To the Board of Directors of China Huirong Financial Holdings Limited**

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 80, which comprises the interim condensed consolidated statement of financial position of China Huirong Financial Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2021 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information 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 of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review 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 interim financial information consists of making inquiries, 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 information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 27 August 2021

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# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

	Note	Six Month ended 30 June	
		2021 Unaudited	2020 Unaudited
Interest income	7	132,020	132,488
Revenue from commodities trading	8	575	—
Consultancy fee income	9	298	2,276
Commission fee income	10	1,861	3,410
<b>Operating income</b>		<b>134,754</b>	138,174
Interest expense	11	(12,705)	(18,977)
Costs for commodities trading	8	(484)	—
Commission fee expense	10	(1,320)	(3,855)
<b>Operating costs</b>		<b>(14,509)</b>	(22,832)
Net investment gains/(losses)	12	5,494	(7,952)
Expected credit losses	13	(57,738)	(79,097)
Net gains/(losses) on derecognition of financial assets measured at amortized cost	14	485	(417)
Other operating income		330	1,448
<b>Net operating income</b>		<b>68,816</b>	29,324
General and administrative expenses	15	(31,395)	(28,776)
Other (losses)/gains, net	17	(2,274)	11,722
<b>Operating profit and profit before income tax</b>		<b>35,147</b>	12,270
Income tax expense	19	(12,083)	(7,488)
<b>Profit for the period</b>		<b>23,064</b>	4,782
Profit is attributable to:			
— Owners of the Company		14,776	893
— Non-controlling interests		8,288	3,889
<b>Earnings per share for profit attributable to the owners of the Company (expressed in RMB Yuan)</b>			
— Basic earnings per share	20	0.014	0.001
— Diluted earnings per share	20	0.013	0.001
<b>Other comprehensive income for the period, net of tax</b>		—	—
<b>Total comprehensive income for the period</b>		<b>23,064</b>	4,782
Total comprehensive income for the period is attributable to:			
— Owners of the Company		14,776	893
— Non-controlling interests		8,288	3,889
		<b>23,064</b>	4,782

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

(All amounts in RMB thousands unless otherwise stated)

	Note	<b>As at 30 June 2021 Unaudited</b>	As at 31 December 2020 Audited
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,030</b>	841
Right-of-use assets	23	<b>43,078</b>	43,961
Properties under development	24	<b>63,631</b>	11,769
Investment properties		<b>1,680</b>	1,621
Intangible assets	25	<b>2,833</b>	3,373
Loans to customers	28	<b>133,378</b>	110,762
Deferred income tax assets	26	<b>83,130</b>	87,744
Investments accounted for using the equity method	22	<b>11,630</b>	1,500
Financial assets at fair value through profit or loss	29	—	440
<b>Total non-current assets</b>		<b>340,390</b>	262,011
<b>Current assets</b>			
Inventories		<b>1,233</b>	—
Other current assets	27	<b>28,362</b>	25,036
Commission fee receivables		<b>180</b>	557
Loans to customers	28	<b>1,755,389</b>	1,703,449
Financial assets at fair value through profit or loss	29	<b>169,835</b>	107,422
Cash at bank and cash on hand	30	<b>417,597</b>	434,080
<b>Total current assets</b>		<b>2,372,596</b>	2,270,544
<b>Total assets</b>		<b>2,712,986</b>	2,532,555
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	31	<b>8,641</b>	8,641
Share premium	32	<b>602,729</b>	602,728
Other reserves	32	<b>593,774</b>	593,774
Retained earnings		<b>590,204</b>	575,428
		<b>1,795,348</b>	1,780,571
<b>Non-controlling interests</b>		<b>153,166</b>	161,327
<b>Total equity</b>		<b>1,948,514</b>	1,941,898



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

	Note	<b>As at 30 June 2021 Unaudited</b>	As at 31 December 2020 Audited
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	23	<b>5,581</b>	6,491
Borrowings	34	<b>95,380</b>	50,380
<b>Total non-current liabilities</b>		<b>100,961</b>	56,871
<b>Current liabilities</b>			
Other current liabilities	33	<b>57,833</b>	22,552
Current income tax liabilities		<b>19,807</b>	21,813
Amounts due to related parties	37(c)	<b>633</b>	25,672
Dividends payable		<b>2,678</b>	1,262
Lease liabilities	23	<b>2,680</b>	2,498
Borrowings	34	<b>579,880</b>	459,989
<b>Total current liabilities</b>		<b>663,511</b>	533,786
<b>Total liabilities</b>		<b>764,472</b>	590,657
<b>Total equity and liabilities</b>		<b>2,712,986</b>	2,532,555

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

These condensed consolidated interim financial information is approved and authorized for issue by the Board of Directors on 27 August 2021.

**Wu Min**  
Executive Director

**Zhang Changsong**  
Executive Director

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

Unaudited	Note	Attributable to the owners of the Company					Total	Non-controlling Interests	Total equity
		Share Capital	Share premium	Other reserves	Retained earnings				
<b>Balance at 31 December 2019</b>		8,632	601,993	596,266	586,212	1,793,103	155,341	1,948,444	
Profit for the period		—	—	—	893	893	3,889	4,782	
Other comprehensive income		—	—	—	—	—	—	—	
<b>Total comprehensive income for the period</b>		—	—	—	893	893	3,889	4,782	
<b>Transactions with owners in their capacity as owners</b>									
Issue of ordinary shares under employee share scheme	32(b)	9	735	(187)	—	557	—	557	
Transactions with non-controlling interests		—	—	(555)	—	(555)	(29,445)	(30,000)	
Capital injections from non-controlling interests		—	—	(1,750)	—	(1,750)	41,750	40,000	
Dividends provided for or paid	21	—	—	—	(13,000)	(13,000)	(13,875)	(26,875)	
<b>Total transactions with owners in their capacity as owners</b>		9	735	(2,492)	(13,000)	(14,748)	(1,570)	(16,318)	
<b>Balance at 30 June 2020</b>		8,641	602,728	593,774	574,105	1,779,248	157,660	1,936,908	

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

Unaudited	Note	Attributable to the owners of the Company					Non-controlling Interests	Total equity
		Share Capital	Share premium	Other reserves	Retained earnings	Total		
<b>Balance at 31 December 2020</b>		<b>8,641</b>	<b>602,728</b>	<b>593,774</b>	<b>575,428</b>	<b>1,780,571</b>	<b>161,327</b>	<b>1,941,898</b>
Profit for the period		—	—	—	<b>14,776</b>	<b>14,776</b>	<b>8,288</b>	<b>23,064</b>
Other comprehensive income		—	—	—	—	—	—	—
<b>Total comprehensive income for the period</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>14,776</b>	<b>14,776</b>	<b>8,288</b>	<b>23,064</b>
<b>Transactions with owners in their capacity as owners</b>								
Issue of ordinary shares under employee share scheme	32(b)	—	<b>1</b>	—	—	<b>1</b>	—	<b>1</b>
Capital repatriation of non-controlling interests		—	—	—	—	—	<b>(5,000)</b>	<b>(5,000)</b>
Dividends provided for or paid	21	—	—	—	—	—	<b>(11,449)</b>	<b>(11,449)</b>
<b>Total transactions with owners in their capacity as owners</b>		<b>—</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>(16,449)</b>	<b>(16,448)</b>
<b>Balance at 30 June 2021</b>		<b>8,641</b>	<b>602,729</b>	<b>593,774</b>	<b>590,204</b>	<b>1,795,348</b>	<b>153,166</b>	<b>1,948,514</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

	Note	Six months ended 30 June	
		2021 Unaudited	2020 Unaudited
<b>Cash flows from operating activities</b>			
Cash (used in)/generated from operating activities		<b>(90,352)</b>	447,281
Interest received from bank deposits		<b>5,019</b>	21,899
Interest paid		<b>(12,296)</b>	(19,397)
Income tax paid		<b>(9,475)</b>	(24,104)
<b>Net cash (outflow)/inflow from operating activities</b>		<b>(107,104)</b>	425,679
<b>Cash flows from investing activities</b>			
Proceeds on disposal of property, plant and equipment		—	88
Payments for acquisition of an affiliate		<b>(10,130)</b>	—
Payments for property, plant and equipment		<b>(449)</b>	—
Payments for intangible assets		<b>(65)</b>	(480)
Payments for properties under development		<b>(17,657)</b>	(1,944)
Payments for investment property		<b>(59)</b>	—
<b>Net cash outflow from investing activities</b>		<b>(28,360)</b>	(2,336)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>499,000</b>	851,554
Proceeds from issuance of shares under share-based payments		<b>1</b>	—
Repayments of borrowings		<b>(359,339)</b>	(1,357,267)
Repayments of lease liabilities		<b>(1,965)</b>	(1,294)
Transactions with non-controlling interests		—	(30,000)
Capital movement of non-controlling interests		<b>(5,000)</b>	40,000
Dividends paid to owners of the Company		—	(12,129)
Dividends paid to non-controlling interests		<b>(10,033)</b>	(13,874)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>122,664</b>	(523,010)
<b>Net decrease in cash and cash equivalents</b>		<b>(12,800)</b>	(99,667)
Cash and cash equivalents at beginning of the period		<b>103,919</b>	181,038
Effects of exchange rate changes on cash and cash equivalents		<b>(236)</b>	(273)
<b>Cash and cash equivalents at end of the period</b>	30	<b>90,883</b>	81,098

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 1 GENERAL INFORMATION

China Huirong Financial Holdings Limited (中國匯融金融控股有限公司) (the “Company”) is incorporated in the Cayman Islands on 11 November 2011 as an exempted company with limited liability under the Companies Law (2010 revision) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands. The Company is ultimately controlled by Messrs Zhu Tianxiao (朱天曉), Zhang Xiangrong (張祥榮), Ge Jian (葛健), Chen Yannan (陳雁南), Wei Xingfa (魏興發), Yang Wuguan (楊伍官) and Zhuo You (卓有) (the “Ultimate Shareholders”).

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in lending services through granting secured and unsecured loans to customers in the People’s Republic of China (the “PRC”), as well as consultancy and insurance agency services.

On 28 October 2013, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited.

The detailed information of the subsidiaries of the Company can be found in Note 18.

The interim condensed consolidated financial information is presented in thousands of Renminbi (RMB’000), unless otherwise stated.

This interim condensed consolidated financial information has been approved and authorized for issue by the board of directors (the “Board”) of the Company on 27 August 2021.

## 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2021 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information is to be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcement made by the Group during the six months ended 30 June 2021.

### 2.1 Going-concern basis

The Group meets its day-to-day working capital requirements through its bank and other financial institution facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group’s products; and (b) the availability of financing from bank and other financial institution for the foreseeable future. The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries and assessments, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial information. Further information on the Group’s borrowings is given in Note 34.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted are consistent with those set out in the consolidated financial statements for the year ended 31 December 2020.

### 3.1 New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

### 3.2 Impact of standards issued but not yet applied by the Group

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the interim financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

## 5 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Managing risks is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Group's financial performance.

The Group's risk management is carried out by a Central Risk Management Department under policies approved by the Board of Directors. Risk Management Department identifies and evaluates financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as credit risk, market risk and liquidity risk.

The Group's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits. The Group regularly reviews its risk management policies and procedures to reflect changes in markets and products.

The interim condensed consolidated financial information does not include financial risk management information and disclosures required in the annual financial statements, except for a few credit risk disclosures to enhance the readers' understanding of the Group's credit exposure, and should be read in conjunction with the consolidated financial statements for the years ended 31 December 2020.

There have been no changes in the risk management policies since 31 December 2020.



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors

#### (a) Credit risk

The Group takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Group by failing to discharge on obligation. Significant changes in the economy, or those in credit quality of a concentration in the Group's portfolio, could result in losses that are different from those provided for at the balance sheet date. Management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from loans to customers in the Group's asset portfolio, but can also from interest receivable from bank deposits and other receivables.

The inputs, assumptions and estimation techniques used in measuring the Expected credit loss ("ECL") allowances and the forward-looking information incorporated in the ECL models are consistent with those adopted in 2020.

#### (i) Credit risk exposure

The following table contains an analysis of the credit risk exposure of financial instruments at amortized cost for which an ECL allowance is recognized. The gross carrying amount of financial assets below also represents the Group's maximum exposure to credit risk on these assets.

Unaudited	As at 30 June 2021 ECL staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Loans to customers</b>				
Secured loans to customers (a)	550,467	15,040	874,996	1,440,503
Unsecured loans to customers (b)	838,406	15,771	250,481	1,104,658
<b>Gross carrying amount</b>	<b>1,388,873</b>	<b>30,811</b>	<b>1,125,477</b>	<b>2,545,161</b>
Loss allowances	(30,391)	(6,742)	(619,261)	(656,394)
<b>Carrying amount</b>	<b>1,358,482</b>	<b>24,069</b>	<b>506,216</b>	<b>1,888,767</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (a) Credit risk (Continued)

##### (i) Credit risk exposure (Continued)

Unaudited	As at 30 June 2021 ECL staging			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Term deposits with banks</b>				
<b>Credit grade</b>				
AAA	324,159	—	—	324,159
<b>Gross carrying amount</b>	324,159	—	—	324,159
Loss allowances	(164)	—	—	(164)
<b>Carrying amount</b>	323,995	—	—	323,995
<b>Other current assets (excluding repossessed assets)</b>				
<b>Gross carrying amount</b>	10,949	—	2,445	13,394
Loss allowances	—	—	(1,561)	(1,561)
<b>Carrying amount</b>	10,949	—	884	11,833
<b>Guarantee and commitment</b>				
Financial guarantees exposure	43,450	—	—	43,450

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (a) Credit risk (Continued)

##### (i) Credit risk exposure (Continued)

Audited	As at 31 December 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Loans to customers</b>				
Secured loans to customers (a)	386,444	9,447	870,605	1,266,496
Unsecured loans to customers (b)	890,175	—	261,210	1,151,385
<b>Gross carrying amount</b>	1,276,619	9,447	1,131,815	2,417,881
Loss allowances	(33,853)	(2,160)	(567,657)	(603,670)
<b>Carrying amount</b>	1,242,766	7,287	564,158	1,814,211
<b>Term deposits with banks</b>				
<b>Credit grade</b>				
AAA	325,306	—	—	325,306
<b>Gross carrying amount</b>	325,306	—	—	325,306
Loss allowances	(164)	—	—	(164)
<b>Carrying amount</b>	325,142	—	—	325,142

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (a) Credit risk (Continued)

##### (i) Credit risk exposure (Continued)

Audited	As at 31 December 2020			Total
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	
<b>Other current assets (excluding repossessed assets)</b>				
<b>Gross carrying amount</b>	4,513	—	2,563	7,076
Loss allowances	—	—	(1,607)	(1,607)
<b>Carrying amount</b>	4,513	—	956	5,469
<b>Guarantee and commitment</b>				
Financial guarantees exposure	48,550	—	—	48,550

(a) Secured loans to customers comprise real estate backed loans and personal property backed loans.

(b) Unsecured loans to customers comprise equity interest backed loans, guaranteed loans and other unsecured loans.

##### (ii) Concentration of risks of financial assets with credit risk exposure

The Group maintains a diversified client base. The gross carrying amount from the top five customers accounted for 26.3% of total gross carrying amount as at 30 June 2021 (31 December 2020: 27.2%). Interest income from the top five customers accounted for 24.4% of total interest income for the six months ended 30 June 2021 (2020: 28.0%).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.1 Financial risk factors (Continued)

#### (a) Credit risk (Continued)

##### (iii) Collateral and other credit enhancement

The Group employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for loans granted. The Group's internal policies on the acceptability of specific classes of collateral or credit risk mitigation are consistent with those adopted in 2020.

### 5.2 Fair value measurement of financial instruments

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report.

#### (a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Fair value measurement of financial instruments (Continued)

#### (a) Fair value hierarchy (Continued)

The following table presents the Group's financial assets and financial liabilities measured and recognized at fair value at 30 June 2021 and 31 December 2020 on a recurring basis:

Unaudited	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2021</b>				
Financial assets at fair value through profit or loss				
— Equity investments	26,541	—	—	26,541
— Structured deposits	—	—	143,294	143,294
	26,541	—	143,294	169,835
<b>As at 31 December 2020</b>				
Financial assets at fair value through profit or loss				
— Equity investments	24,542	440	—	24,982
— Structured deposits	—	—	82,880	82,880
	24,542	440	82,880	107,862

There are no transfers between levels during the period.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group does not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2021.

#### (b) Valuation techniques used to determine fair value

The fair value of structured deposits in level 3 are calculated by applying the discounted cash flow model as at 30 June 2021 and 31 December 2020.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.2 Fair value measurement of financial instruments (Continued)

#### (c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the six months ended 30 June 2021 and for the year ended 31 December 2020:

	<b>Structured deposits</b>
<b>Opening balance as at 31 December 2020</b>	<b>82,880</b>
Disposals	<b>(4,500)</b>
Acquisitions	<b>63,000</b>
Unrealized gains recognized in net investment gains	<b>1,914</b>
<b>Closing balance as at 30 June 2021</b>	<b>143,294</b>
Including: unrealized gains recognized in profit or loss attributable to balances held at the end of the period	<b>1,914</b>
	Structured deposits
<b>Opening balance as at 1 January 2020</b>	—
Acquisitions	82,880
<b>Closing balance as at 31 December 2020</b>	82,880

#### (d) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at 30 June 2021	Unobservable inputs	Range of inputs 30 June 2021	Relationship of unobservable inputs to fair value
Structured deposits	143,294	Discount rate	1.87%–2.43%	The lower the discount rate, the higher the fair value
		Expected yield to maturity	2.08%–3.70%	The higher the expected yield to maturity, the higher the fair value



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT (Continued)

### 5.3 Fair value of non-financial assets and liabilities

#### (a) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2021</b>				
Investment properties	—	1,680	—	1,680
	Level 1	Level 2	Level 3	Total
<b>As at 31 December 2020</b>				
Investment properties	—	1,621	—	1,621

#### (b) Valuation techniques used to determine fair value

At the end of each reporting period, the management update their assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The fair value is based on current prices in local market for similar properties. All resulting fair value estimates for properties are included in level 2.

## 6 SEGMENT INFORMATION

The Company's board of directors is the Group's chief operating decision-maker, which assesses the financial performance and position of the Group and makes strategic decisions.

The Group manages its business under three operating and reportable segments for the six months ended 30 June 2021 (31 December 2020: the Group manages its business under four operating and reportable segments).

#### (a) Business segments

From business perspective, the Group provides services through three main business segments listed below:

**Inclusive finance business division:** The inclusive finance business division mainly refers to provision of lending services in the Mainland China and Hong Kong. From product perspective, the inclusive finance business division principally engaged in lending services through granting secured loans and unsecured loans to customers.

**Technology finance business division:** The division mainly dedicates services to supply chain technology, loan facilitation technology and factoring technology.

**Insurance brokerage business division:** The insurance brokerage business division mainly engages in insurance agency business.

As there is no longer any business operation of the Online lending intermediary business division, the Group ceased this division for the six months ended 30 June 2021.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 6 SEGMENT INFORMATION (Continued)

### (b) Segment analysis

The profit or loss before income tax for each reportable segment including incomes and expenses from external transactions and from transactions with other segments, and other items in the consolidated statement of comprehensive income are allocated based on the operations of the segment.

Segment assets and segment liabilities are measured in the same way as in the consolidated statement of financial position. These assets and liabilities are allocated based on the operations of the segment.

Unaudited	For the six months ended 30 June 2021					
	Inclusive finance business division	Technology finance business division	Insurance brokerage business division	Headquarters and others	Elimination	Total
External operating income	115,715	8,856	819	9,364	—	134,754
Internal operating income	339	—	—	—	(339)	—
External operating cost	(4,160)	(1,416)	(1,320)	(7,613)	—	(14,509)
Internal operating cost	(7)	—	—	(339)	346	—
Net investment gains	—	—	—	5,494	—	5,494
Expected credit losses	(54,313)	(2,265)	—	(1,160)	—	(57,738)
Net gains on derecognition of financial assets measured at amortized cost	485	—	—	—	—	485
Other operating income	99	213	7	18	(7)	330
General and administrative expenses	(12,230)	(3,363)	(829)	(14,973)	—	(31,395)
Other (losses)/gains, net	375	(393)	—	(2,256)	—	(2,274)
<b>Profit/(Loss) before income tax</b>	<b>46,303</b>	<b>1,632</b>	<b>(1,323)</b>	<b>(11,465)</b>	<b>—</b>	<b>35,147</b>
<b>Capital expenditure</b>	<b>(477)</b>	<b>(6)</b>	<b>—</b>	<b>(17,747)</b>	<b>—</b>	<b>(18,230)</b>

  

Unaudited	As at 30 June 2021					
	Inclusive finance business division	Technology finance business division	Insurance brokerage business division	Headquarters and others	Elimination	Total
<b>Segment assets</b>	<b>1,823,439</b>	<b>214,016</b>	<b>3,677</b>	<b>3,099,498</b>	<b>(2,427,644)</b>	<b>2,712,986</b>
<b>Segment liabilities</b>	<b>(164,315)</b>	<b>(87,166)</b>	<b>(10)</b>	<b>(627,526)</b>	<b>114,545</b>	<b>(764,472)</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 6 SEGMENT INFORMATION (Continued)

### (b) Segment analysis (Continued)

Unaudited	For the six months ended 30 June 2020						Elimination	Total
	Inclusive finance business division	Technology finance business division	Online lending intermediary business division	Insurance brokerage business division	Headquarter and others			
External operating income	115,861	4,460	2,285	3,207	12,361	—	138,174	
Internal operating income	1,317	—	—	—	—	(1,317)	—	
External operating cost	(6,848)	(22)	—	(3,855)	(12,107)	—	(22,832)	
Internal operating cost	—	—	—	—	(1,317)	1,317	—	
Net investment losses	—	—	—	—	(7,952)	—	(7,952)	
Expected credit losses	(73,985)	(2,110)	—	—	(3,002)	—	(79,097)	
Net losses on derecognition of financial assets measured at amortized cost	(416)	—	—	—	—	—	(416)	
Other operating income	876	398	3	42	129	—	1,448	
General and administrative expenses	(10,306)	(4,107)	(1,824)	(892)	(11,647)	—	(28,776)	
Other gains, net	126	765	—	—	10,830	—	11,721	
<b>Profit/(Loss) before income tax</b>	26,625	(616)	464	(1,498)	(12,705)	—	12,270	
<b>Capital expenditure</b>	11	89	(138)	—	(2,298)	—	(2,336)	

  

Audited	As at 31 December 2020						Elimination	Total
	Inclusive finance business division	Technology finance business division	Online lending intermediary business division	Insurance brokerage business division	Headquarters and others			
<b>Segment assets</b>	1,876,635	183,769	18,845	4,719	2,797,726	(2,349,139)	2,532,555	
<b>Segment liabilities</b>	(182,463)	(62,936)	(14)	(58)	(460,148)	114,962	(590,657)	

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 7 INTEREST INCOME

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Interest income from loans to customers		
— Secured loans to customers	74,873	71,872
— Unsecured loans to customers	53,986	52,433
Interest income from bank deposits	3,161	8,183
	<b>132,020</b>	132,488

## 8 REVENUE FROM AND COSTS FOR COMMODITIES TRADING

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Revenue from commodities trading		
— <i>As principal</i>	530	—
— <i>As agent</i>	45	—
	<b>575</b>	—
Costs for commodities trading		
— <i>As principal</i>	484	—
	<b>484</b>	—

When another party is involved in providing commodities to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified commodities itself (i.e. the Group is a principal) or to arrange for those commodities to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified commodities before that it is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified commodity by another party, where the Group does not control the specified commodity before its transferral to the customer. When the Group acts as an agent, it recognizes revenue in the amount of any fee or commission which it expects to be entitled to, in exchange for the arrangement for the specified commodities to be provided by the other party.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 9 CONSULTANCY FEE INCOME

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Loan consultancy fee income	298	—
P2P platform consultancy fee income	—	2,270
Other consultancy fee income	—	6
	<b>298</b>	2,276

## 10 COMMISSION FEE INCOME AND EXPENSE

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
<b>Commission fee income</b>		
Insurance agency commission fee income	791	3,201
Other commission fee income	1,070	209
	<b>1,861</b>	3,410
<b>Commission fee expense</b>		
Insurance agency commission fee expense	(1,320)	(3,855)
	<b>(1,320)</b>	(3,855)

## 11 INTEREST EXPENSE

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Interest expense on bank borrowings	11,879	17,052
Interest expense on micro-finance company borrowings	508	1,561
Other interest expenses	318	364
	<b>12,705</b>	18,977

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 12 NET INVESTMENT GAINS/(LOSSES)

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Fair value changes from		
— financial assets at fair value through profit or loss	3,913	—
— derivative financial assets	—	(7,952)
Cash dividend from		
— financial assets at fair value through profit or loss	1,581	—
	<b>5,494</b>	(7,952)

## 13 EXPECTED CREDIT LOSSES

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Expected credit losses on loans to customers	58,145	78,777
Expected credit losses on financial guarantees	(362)	1,177
Expected credit losses on other current assets	(45)	(857)
	<b>57,738</b>	79,097

## 14 NET GAINS/(LOSSES) ON DERECOGNITION OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST

On derecognition of a loan to customers in entirety, the difference between the asset's carrying amount and total consideration received and receivable is recognized in net gains/(losses) on derecognition of financial assets measured at amortized cost.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 15 GENERAL AND ADMINISTRATIVE EXPENSES

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Employee benefit expenses (Note 16)	17,753	16,918
Professional and consultancy fees	5,229	2,868
Depreciation and amortization	2,316	2,657
Telephone, utilities and office expenses	1,800	1,005
Operating lease payments	1,206	1,196
Transportation, meal and accommodation	1,205	1,498
Value-added tax surcharges	665	688
Auditors' remuneration	600	600
Advertising expense	216	82
Commission fee	139	184
Other expenses	266	1,080
	<b>31,395</b>	28,776

## 16 EMPLOYEE BENEFIT EXPENSES

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Wages and salaries	6,151	7,198
Discretionary bonuses	8,535	6,509
Pension	534	158
Other social security obligations	2,533	3,053
	<b>17,753</b>	16,918

## 17 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Net foreign currency (losses)/gains	(2,751)	11,357
Government grants	477	311
Other	—	54
	<b>(2,274)</b>	11,722



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 18 SUBSIDIARIES

The following is a list of the Company's subsidiaries at 30 June 2021. Unless otherwise stated, the proportion of ownership interests held equals the voting rights held by the Group. The country/place of incorporation is also their principal place of business.

Name of subsidiary	Country/ place of incorporation and operation	Date of incorporation	Type of legal entity	Nominal value of Issued and fully paid share capital/ registered capital	Interest directly held	Interest indirectly held	Principal activities
Sifang Investment Limited	BVI	22 November 2011	Limited company	1 share of US\$1	100%	—	investment holding
Tongda Investment Limited	BVI	22 November 2011	Limited company	1 share of US\$1	—	100%	investment holding
Rongda Investment Limited ("Rongda Investment")	Hong Kong	5 December 2011	Limited company	1 share of US\$1	—	100%	investment holding
Huifang Investment Limited ("Huifang Investment")	Hong Kong	5 December 2011	Limited company	1 share of US\$1	—	100%	investment holding
Suzhou Huifang Technology Company Limited ("Huifang Technology")	PRC	29 December 2011	Limited company	US\$96,100,000/ US\$98,100,000	—	100%	management and marketing consulting
Suzhou Huifang Tongda Information Technology Company Limited ("Huifang Tongda")	PRC	10 February 2012	Limited company	RMB426,300,000/ RMB500,000,000	—	100%	management and marketing consulting
Suzhou Huifang Rongda Internet Technology Company Limited ("Huifang Rongda")	PRC	8 May 2015	Limited company	RMB12,000,000/ RMB50,000,000	—	100%	management and marketing consulting
Suzhou Wuzhong Pawnshop Co., Ltd. ("Wuzhong Pawnshop")	PRC	21 December 1999	Limited company	RMB1,000,000,000	—	100%	pawnshop services
Suzhou Wuzhong District Dongshan Agricultural Microfinance Co., Ltd. ("Dongshan Micro- finance")	PRC	26 December 2012	Limited company	RMB300,000,000	—	70%	micro-financing and lending

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 18 SUBSIDIARIES (Continued)

Name of subsidiary	Country/ place of incorporation and operation	Date of incorporation	Type of legal entity	Nominal value of issued and fully paid share capital/ registered capital	Interest directly held	Interest indirectly held	Principal activities
Suzhou Huida Commercial Factoring Company Limited ("Huida Factoring")	PRC	30 May 2016	Limited company	RMB100,000,000	—	60%	factoring services
Suzhou Huifang Jiada Information Technology Company Limited ("Huifang Jiada")	PRC	15 December 2016	Limited company	RMB50,000,000	—	100%	consulting services
Suzhou Huifang Rongtong SME Guided Turnover Loan Fund (Limited Partnership) ("Huifang Rongtong")(b)	PRC	1 September 2017	Limited partnership	RMB75,000,000	—	80%	short-term turnover loans
Suzhou Huifang Anda Insurance Agency Company Limited ("Huifang Anda")	PRC	16 November 2004	Limited company	RMB2,400,000	—	65%	insurance brokerage
Suzhou Huifang Supply Chain Management Company Limited ("Huifang Supply Chain")	PRC	25 May 2018	Limited company	RMB25,000,000/ RMB50,000,000	—	100%	supply chain management
Sichuan Aomeishu Technology Company Limited ("Sichuan Aomeishu")	PRC	17 May 2015	Limited company	RMB500,000/ RMB2,000,000	—	100%	IT development
Qingdao Wanchen Buliang Property Company Limited ("Qingdao Wanchen")	PRC	31 October 2019	Limited company	RMB10,000,000/ RMB10,000,000	—	100%	management of non-performing assets
Nanjing Yiling Culture and Art Co., Ltd ("Nanjing Yiling") (a)	PRC	8 May 2021	Limited company	RMB20,000,000/ RMB55,000,000	—	100%	arts loans

(a) On 8 May 2021, the Group invested RMB20.0 million to set up Nanjing Yiling together with other two parties.

(b) On 15 March 2021, the Group and the non-controlling shareholders repatriated RMB20.0 million and RMB5.0 million respectively from Huifang Rongtong.

## 19 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Current income tax	7,469	16,196
Deferred income tax	4,614	(8,708)
	<b>12,083</b>	7,488

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 19 INCOME TAX EXPENSE (Continued)

The difference between the actual income tax charge in the interim condensed consolidated statements of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Profit before income tax	<b>35,147</b>	12,270
Tax calculated at tax rates applicable to profits in the respective area	<b>9,174</b>	3,326
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
— Entertainment expenses	<b>147</b>	187
— Investment income attributable to non-controlling interests	<b>(101)</b>	(238)
— Cash dividends of listed equity securities	<b>(395)</b>	—
— Sundry items	<b>82</b>	1,331
Subtotal	<b>(267)</b>	1,280
Adjustment in respect of prior years	<b>(349)</b>	(790)
Unused tax losses for which no deferred tax asset has been recognized	<b>1,108</b>	1,255
PRC withholding tax	<b>2,417</b>	2,417
Tax charge	<b>12,083</b>	7,488

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Company Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

Enterprises incorporated in the British Virgin Islands are not subject to any income tax according to relevant rules and regulations.

The applicable Hong Kong profits tax rate is 16.5% on the assessable profits earned or derived in Hong Kong for the six months ended 30 June 2021 (2020: same).

According to the Corporate Income Tax Law of the PRC (the "CIT Law"), the income tax provision of the Group in respect of its operations in Mainland China has been calculated at the applicable corporate tax rate of 25% on the estimated assessable profits based on existing legislations, interpretations and practices.

For small and micro enterprises with annual taxable income less than RMB1 million, the income tax provision is calculated at the applicable corporate tax rate of 20% on 25% of the taxable income amount, and for those with annual taxable income more than RMB1 million but less than RMB3 million, the income tax provision is calculated at the applicable corporate tax rate of 20% on 50% of the taxable income amount.

Pursuant to the CIT Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in Mainland China.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 20 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2021 and 2020.

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Profit attributable to owners of the Company (RMB'000)	14,776	893
Weighted average number of ordinary shares in issue (in thousands)	1,087,771	1,087,769
Basic earnings per share (RMB Yuan)	0.014	0.001

All profit attributable to owners of the Company is from continuing operations.

### (b) Diluted earnings per share

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Profit attributable to owners of the Company (RMB'000)	14,776	893
Weighted average number of ordinary shares in issue (in thousands)	1,087,771	1,087,769
Adjustments for:		
— Share options (in thousands)	10,610	11,133
	1,098,381	1,098,902
Dilutive earnings per share (in RMB)	0.013	0.001

All profit attributable to owners of the Company is from continuing operations.

## 21 DIVIDENDS

No annual dividends in respect of the year ended 31 December 2020 are declared by the Board of Directors by the release date of this financial statement (2020: Based on the total number of ordinary shares of 1,086,787 thousand outstanding on 31 December 2019, a total dividend of HK\$14.1 million (equivalent to RMB13.0 million) is paid out by the Company on 23 June 2020).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 22 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

On 4 June 2018, the Group acquired 7.5% of the equity interests in Shenzhen Zuanying, for a cash consideration of RMB150.0 million.

On 16 April 2021, the Group invested RMB10.1 million to set up Suzhou Cibe Management Consulting partnership (LP) ("Suzhou Cibe") together with another party and obtained 90% of the equity interest of Suzhou Cibe.

According to the Partnership Agreement, the operating decisions of the partnership shall be unanimously agreed by both partners. Therefore, the Group jointly controls Suzhou Cibe and the investment is accounted for using the equity method of accounting.

The carrying amount of equity-accounted investments has changed as follows in the six months to June 2021:

<b>Unaudited</b>	<b>Six months ended 30 June 2021</b>
Beginning of the period	<b>1,500</b>
Additions	<b>10,130</b>
Profit or loss for the period	—
Dividends paid	—
<b>End of the period</b>	<b>11,630</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 23 LEASES

This note provides information for leases where the Group is a lessee.

### (i) Amounts recognized in the balance sheet

The balance sheet shows the following amounts relating to leases.

	<b>As at 30 June 2021 Unaudited</b>	As at 31 December 2020 Audited
<b>Right-of-use assets</b>		
Land-use rights (a)	<b>34,155</b>	34,620
Property	<b>8,923</b>	9,341
	<b>43,078</b>	43,961
<b>Lease liabilities</b>		
Current	<b>2,680</b>	2,498
Non-current	<b>5,581</b>	6,491
	<b>8,261</b>	8,989

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 23 LEASES (Continued)

### (i) Amounts recognized in the balance sheet (Continued)

- (a) As at 30 June 2021, land-use right of RMB34.2 million (31 December 2020: RMB34.6 million) is pledged with banks to secure borrowings (Note 34).

The movement of right-of-use assets as follow.

Unaudited	Land-use rights	Property	Total
<b>Cost</b>			
At 1 January 2021	37,235	19,387	56,622
Additions	—	1,572	1,572
Less	—	(869)	(869)
At 30 June 2021	37,235	20,090	57,325
<b>Accumulated depreciation</b>			
At 1 January 2021	(2,615)	(10,046)	(12,661)
Additions	(465)	(1,437)	(1,902)
Less	—	316	316
At 30 June 2021	(3,080)	(11,167)	(14,247)
<b>Net book amount</b>			
At 30 June 2021	34,155	8,923	43,078
At 1 January 2021	34,620	9,341	43,961

For short-term lease and low-value asset lease, the Group chooses not to recognize the right-of-use assets and lease liabilities.

### (ii) Amounts recognized in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2021 Unaudited	2020 Audited
Depreciation of right-of-use assets		
— Land-use rights	(465)	—
— Properties	(1,437)	(1,540)
Interest expense	(218)	(248)
Expense relating to short-term leases (included in the general and administrative expenses)	(1,206)	(1,196)



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 23 LEASES (Continued)

### (iii) The Group's leasing activities and how these are accounted for

The Group leases various offices, retail stores and land-use right. Rental contracts are typically made for fixed periods of 12 months to 40 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

## 24 PROPERTIES UNDER DEVELOPMENT

<b>Unaudited</b>	<b>China Huirong Headquarters Building</b>	
<b>Cost</b>		
At 31 December 2020		11,769
Additions		51,862
Less		—
At 30 June 2021		63,631
<b>Impairment</b>		
At 31 December 2020		—
At 30 June 2021		—
<b>Net book amount</b>		
At 30 June 2021		63,631
At 31 December 2020		11,769
	<b>As at 30 June 2021 Unaudited</b>	As at 31 December 2020 Audited
Properties under development comprise:		
Depreciation of land-use rights	<b>1,396</b>	931
Construction costs and other capitalized expenditures	<b>58,332</b>	8,870
Capitalized interest expense	<b>3,903</b>	1,968
	<b>63,631</b>	11,769

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 25 INTANGIBLE ASSETS

Unaudited	Computer software	Licenses	Total
<b>At 31 December 2019</b>			
Cost	2,517	3,294	5,811
Accumulated amortization and impairment	(767)	(1,043)	(1,810)
<b>Net book amount</b>	<b>1,750</b>	<b>2,251</b>	<b>4,001</b>
<b>Six months ended 30 June 2020</b>			
Opening net book amount	1,750	2,251	4,001
Additions	480	—	480
Amortization charge	(242)	(329)	(571)
Closing net book amount	1,988	1,922	3,910
<b>At 30 June 2020</b>			
Cost	2,997	3,294	6,291
Accumulated amortization and impairment	(1,009)	(1,372)	(2,381)
<b>Net book amount</b>	<b>1,988</b>	<b>1,922</b>	<b>3,910</b>
<b>Unaudited</b>			
<b>At 31 December 2020</b>			
Cost	<b>3,054</b>	<b>3,294</b>	<b>6,348</b>
Accumulated amortization and impairment	<b>(1,273)</b>	<b>(1,702)</b>	<b>(2,975)</b>
<b>Net book amount</b>	<b>1,781</b>	<b>1,592</b>	<b>3,373</b>
<b>Six months ended 30 June 2021</b>			
Opening net book amount	<b>1,781</b>	<b>1,592</b>	<b>3,373</b>
Additions	<b>65</b>	<b>—</b>	<b>65</b>
Amortization charge	<b>(276)</b>	<b>(329)</b>	<b>(605)</b>
Closing net book amount	<b>1,570</b>	<b>1,263</b>	<b>2,833</b>
<b>At 30 June 2021</b>			
Cost	<b>3,119</b>	<b>3,294</b>	<b>6,413</b>
Accumulated amortization and impairment	<b>(1,549)</b>	<b>(2,031)</b>	<b>(3,580)</b>
<b>Net book amount</b>	<b>1,570</b>	<b>1,263</b>	<b>2,833</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 26 DEFERRED INCOME TAX

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
<b>The balance comprises temporary differences attributable to:</b>		
ECL allowances charge on financial assets	<b>75,319</b>	79,343
ECL charge on financial guarantees	<b>313</b>	403
Net loss from financial instruments at fair value through profit or loss	<b>5,116</b>	5,616
Recoverable tax losses	<b>1,382</b>	1,382
Share-based payment expense	<b>1,000</b>	1,000
<b>Total deferred tax assets</b>	<b>83,130</b>	87,744
Offsetting of deferred tax liabilities pursuant to off-setting provisions	—	—
<b>Net deferred tax assets</b>	<b>83,130</b>	87,744

The movement in deferred income tax assets for the six months ended 30 June 2021 and the six months ended 30 June 2020, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred income tax assets	ECL allowances charge on financial assets	ECL allowances charge on financial guarantees	Net (gains)/ loss from financial instruments at fair value through profit or loss and derivative financial instruments	Recoverable tax losses	Share-based payments	Total
<b>At 1 January 2020</b>	68,961	—	4,654	1,787	1,036	76,438
Credited/(charged) to the consolidated statement of comprehensive income	6,848	294	1,988	(417)	—	8,713
<b>At 30 June 2020</b>	75,809	294	6,642	1,370	1,036	85,151
<b>At 1 January 2021</b>	<b>79,343</b>	<b>403</b>	<b>5,616</b>	<b>1,382</b>	<b>1,000</b>	<b>87,744</b>
(Charged)/Credited to the consolidated statement of comprehensive income	<b>(4,024)</b>	<b>(90)</b>	<b>(500)</b>	—	—	<b>(4,614)</b>
<b>At 30 June 2021</b>	<b>75,319</b>	<b>313</b>	<b>5,116</b>	<b>1,382</b>	<b>1,000</b>	<b>83,130</b>

As at 30 June 2021, it is estimated that deferred income tax assets will be reversed over one year (31 December 2020: same).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 27 OTHER CURRENT ASSETS

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
Reposessed assets	<b>16,529</b>	19,567
Receivable from disposal of loans to customers, net	—	—
<i>Receivable from disposal of loans to customers, gross</i>	—	—
<i>Less: ECL allowances</i>	—	—
Other receivables, net	<b>11,833</b>	5,469
<i>Other receivables, gross</i>	<b>13,394</b>	7,076
<i>Less: ECL allowances</i>	<b>(1,561)</b>	(1,607)
	<b>28,362</b>	25,036

## 28 LOANS TO CUSTOMERS

<b>Non-current</b>	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
Loans to customers, gross		
Unsecured loans	<b>138,376</b>	115,332
— <i>Guaranteed loans</i>	<b>138,376</b>	115,332
Less: ECL allowances	<b>(4,998)</b>	(4,570)
Loans to customers, net	<b>133,378</b>	110,762

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

Current	30 June 2021 Unaudited	31 December 2020 Audited
Loans to customers, gross		
Secured loans	<b>1,440,503</b>	1,266,496
— Real estate backed loans	<b>1,410,182</b>	1,238,560
— Personal property backed loans	<b>30,321</b>	27,936
Unsecured loans	<b>966,282</b>	1,036,053
— Equity interest backed loans	<b>448,549</b>	528,730
— Guaranteed loans	<b>232,299</b>	237,854
— Other unsecured loans	<b>285,434</b>	269,469
	<b>2,406,785</b>	2,302,549
Less: ECL allowances		
Secured loans	<b>(417,547)</b>	(363,747)
Unsecured loans	<b>(233,849)</b>	(235,353)
	<b>(651,396)</b>	(599,100)
Loans to customers, net	<b>1,755,389</b>	1,703,449

Loans to customers arise from the Group's lending services.

The real estate backed and equity interest backed loans provided to customers bear fixed interest rates ranging from 10.00% to 24.00% per annum in the six months ended 30 June 2021 (2020: from 10.00% to 24.00%).

Guaranteed loans granted to customers bear fixed interest rates from 6.00% to 18.00% per annum for the six months ended 30 June 2021 (2020: from 6.00% to 25.20%).

Other unsecured loans granted to customers bear fixed interest rates from 3.80% to 17.00% per annum for the six months ended 30 June 2021 (2020: from 9.00% to 18.00%).

As at 30 June 2021, renewed loans amount to RMB264.2 million (31 December 2020: RMB360.6 million), which include real estate backed loans and equity interest backed loans (31 December 2020: same).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

### (a) Aging analysis of loans to customers

The aging of the loans to customers is calculated starting from the original granting date without considering the subsequent renewal of the loans. The aging analysis of loans to customers net of ECL allowances are set out below:

Non-current	As at 30 June 2021		
	Secured loans to customers	Unsecured loans to customers	Total
Unaudited			
Within 3 months	—	14,630	14,630
3–6 months	—	9,649	9,649
6–12 months	—	25,969	25,969
12–24 months	—	83,130	83,130
	—	133,378	133,378
Current	As at 30 June 2021		
	Secured loans to customers	Unsecured loans to customers	Total
Unaudited			
Within 3 months	295,794	247,234	543,028
3–6 months	87,088	177,523	264,611
6–12 months	131,009	194,429	325,438
12–24 months	18,229	60,888	79,117
Over 24 months	795	—	795
Past due (i)	490,041	52,359	542,400
	1,022,956	732,433	1,755,389
Non-current	As at 31 December 2020		
	Secured loans to customers	Unsecured loans to customers	Total
Audited			
Within 3 months	—	14,325	14,325
3–6 months	—	11,649	11,649
6–12 months	—	84,788	84,788
	—	110,762	110,762

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

### (a) Aging analysis of loans to customers (Continued)

Current	As at 31 December 2020		
	Secured loans to customers	Unsecured loans to customers	Total
Audited			
Within 3 months	191,755	399,846	591,601
3–6 months	92,391	134,185	226,576
6–12 months	64,025	200,438	264,463
12–24 months	19,757	16,102	35,859
Over 24 months	368	—	368
Past due (i)	534,454	50,128	584,582
	902,750	800,699	1,703,449

### (i) Past due loans to customers net of ECL allowances

Unaudited	As at 30 June 2021		
	Secured loans to customers	Unsecured loans to customers	Total
Past due within one month	12,115	—	12,115
Past due between one and three months	12,426	11,643	24,069
Past due over three months	465,500	40,716	506,216
	490,041	52,359	542,400

Audited	As at 31 December 2020		
	Secured loans to customers	Unsecured loans to customers	Total
Past due within one month	13,137	—	13,137
Past due between one and three months	7,287	—	7,287
Past due over three months	514,030	50,128	564,158
	534,454	50,128	584,582



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

### (b) Movements on ECL allowances for loans to customers

The following tables explain the changes in loss allowances between the beginning of and the end of the period due to these factors:

Non-current Unsecured loans  Unaudited	Six months ended 30 June 2021			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
<b>Loss allowances as at 31 December 2020</b>	<b>4,570</b>	—	—	<b>4,570</b>
New loans to customers originated	<b>958</b>	—	—	<b>958</b>
Changes in PDs/LGDs/EADs	<b>(454)</b>	—	—	<b>(454)</b>
Loans to customers derecognized during the period other than write-offs	<b>(76)</b>	—	—	<b>(76)</b>
<b>Loss allowances as at 30 June 2021</b>	<b>4,998</b>	—	—	<b>4,998</b>
Current Secured loans  Unaudited	Six months ended 30 June 2021			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
<b>Loss allowances as at 31 December 2020</b>	<b>5,011</b>	<b>2,160</b>	<b>356,576</b>	<b>363,747</b>
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	<b>(393)</b>	<b>10,721</b>	—	<b>10,328</b>
<i>Transfers from Stage 2 to Stage 3</i>	—	<b>(6,558)</b>	<b>15,419</b>	<b>8,861</b>
New loans to customers originated	<b>6,120</b>	—	—	<b>6,120</b>
Changes in PDs/LGDs/EADs	<b>(1,744)</b>	<b>(1,644)</b>	<b>39,658</b>	<b>36,270</b>
Unwind of discount	—	—	<b>5,979</b>	<b>5,979</b>
Loans to customers derecognized during the period other than write-offs	<b>(3,557)</b>	<b>(2,065)</b>	<b>(8,136)</b>	<b>(13,758)</b>
<b>Loss allowances as at 30 June 2021</b>	<b>5,437</b>	<b>2,614</b>	<b>409,496</b>	<b>417,547</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

### (b) Movements on ECL allowances for loans to customers (Continued)

Current Unsecured loans  Unaudited	Six months ended 30 June 2021			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
<b>Loss allowances as at 31 December 2020</b>	<b>24,272</b>	<b>—</b>	<b>211,081</b>	<b>235,353</b>
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	<b>(747)</b>	<b>3,985</b>	<b>—</b>	<b>3,238</b>
<i>Transfers from Stage 2 to Stage 3</i>	<b>—</b>	<b>(285)</b>	<b>3,042</b>	<b>2,757</b>
New loans to customers originated	<b>41,186</b>	<b>—</b>	<b>—</b>	<b>41,186</b>
Changes in PDs/LGDs/EADs	<b>(6,145)</b>	<b>428</b>	<b>3,233</b>	<b>(2,484)</b>
Unwind of discount	<b>—</b>	<b>—</b>	<b>2,312</b>	<b>2,312</b>
Loans to customers derecognized during the period other than write-offs	<b>(38,610)</b>	<b>—</b>	<b>(9,903)</b>	<b>(48,513)</b>
<b>Loss allowances as at 30 June 2021</b>	<b>19,956</b>	<b>4,128</b>	<b>209,765</b>	<b>233,849</b>
Non-current Unsecured loans  Audited	Year ended 31 December 2020 Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
<b>Loss allowances as at 31 December 2019</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
New loans to customers originated	7,549	—	—	7,549
Changes in PDs/LGDs/EADs	(2,914)	—	—	(2,914)
Loans to customers derecognized during the year other than write-offs	(65)	—	—	(65)
<b>Loss allowances as at 31 December 2020</b>	<b>4,570</b>	<b>—</b>	<b>—</b>	<b>4,570</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

### (b) Movements on ECL allowances for loans to customers (Continued)

Current Secured loans	Year ended 31 December 2020			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
Audited				
<b>Loss allowances as at 31 December 2019</b>	4,371	1,745	257,668	263,784
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(1,599)	18,674	—	17,075
<i>Transfers from Stage 2 to Stage 3</i>	—	(12,416)	28,959	16,543
New loans to customers originated	6,740	—	—	6,740
Changes in PDs/LGDs/EADs	513	(58)	75,735	76,190
Unwind of discount	—	—	10,624	10,624
Loans to customers derecognized during the year other than write-offs	(5,014)	(5,785)	(13,088)	(23,887)
Write-offs	—	—	(3,322)	(3,322)
<b>Loss allowances as at 31 December 2020</b>	5,011	2,160	356,576	363,747
Current Unsecured loans				
Audited				
<b>Loss allowances as at 31 December 2019</b>	27,921	—	174,339	202,260
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(4,243)	54,958	—	50,715
<i>Transfers from Stage 2 to Stage 3</i>	—	(24,013)	53,678	29,665
New loans to customers originated	126,962	—	1,979	128,941
Changes in PDs/LGDs/EADs	(9,903)	—	16,491	6,588
Unwind of discount	—	—	10,056	10,056
Loans to customers derecognized during the year other than write-offs	(116,465)	(30,945)	(45,306)	(192,716)
Write-offs	—	—	(156)	(156)
<b>Loss allowances as at 31 December 2020</b>	24,272	—	211,081	235,353

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
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## 28 LOANS TO CUSTOMERS (Continued)

### (c) Significant changes in gross carrying amount of loans to customers that contribute to movements on ECL allowances

The following table explains movement of the gross carrying amount of loans to customers to demonstrate their significance to movement on ECL allowances:

Non-current Unsecured loans  Unaudited	Six months ended 30 June 2021			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
<b>Gross carrying amount as at 31 December 2020</b>	<b>115,332</b>	—	—	<b>115,332</b>
Loans to customers derecognized during the period other than write-offs	(2,000)	—	—	(2,000)
New loans to customers originated	25,000	—	—	25,000
Changes in interest accrual	44	—	—	44
<b>Gross carrying amount as at 30 June 2021</b>	<b>138,376</b>	—	—	<b>138,376</b>
Current Secured loans  Unaudited	Six months ended 30 June 2021			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
<b>Gross carrying amount as at 31 December 2020</b>	<b>386,444</b>	<b>9,447</b>	<b>870,605</b>	<b>1,266,496</b>
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(48,538)	48,538	—	—
<i>Transfers from Stage 2 to Stage 3</i>	—	(31,598)	31,598	—
Loans to customers derecognized during the period other than write-offs	(285,918)	(11,510)	(61,365)	(358,793)
New loans to customers originated	497,285	—	—	497,285
Changes in interest accrual	1,194	163	34,158	35,515
<b>Gross carrying amount as at 30 June 2021</b>	<b>550,467</b>	<b>15,040</b>	<b>874,996</b>	<b>1,440,503</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
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## 28 LOANS TO CUSTOMERS (Continued)

### (c) Significant changes in gross carrying amount of loans to customers that contribute to movements on ECL allowances (Continued)

Current Unsecured loans  Unaudited	Six months ended 30 June 2021			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
<b>Gross carrying amount as at 31 December 2020</b>	<b>774,843</b>	<b>—</b>	<b>261,210</b>	<b>1,036,053</b>
Transfers:				
Transfers from Stage 1 to Stage 2	(20,656)	20,656	—	—
Transfers from Stage 2 to Stage 3	—	(5,656)	5,656	—
Loans to customers derecognized during the period other than write-offs	(1,735,927)	—	(12,068)	(1,747,995)
New loans to customers originated	1,676,077	—	—	1,676,077
Changes in interest accrual	5,941	771	(4,317)	2,395
FX and other movements	(248)	—	—	(248)
<b>Gross carrying amount as at 30 June 2021</b>	<b>700,030</b>	<b>15,771</b>	<b>250,481</b>	<b>966,282</b>
Non-current Unsecured loans  Audited	Year ended 31 December 2020			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Total
<b>Gross carrying amount as at 31 December 2019</b>	—	—	—	—
Loans to customers derecognized during the year other than write-offs	(1,000)	—	—	(1,000)
New loans to customers originated	116,000	—	—	116,000
Changes in interest accrual	332	—	—	332
<b>Gross carrying amount as at 31 December 2020</b>	<b>115,332</b>	<b>—</b>	<b>—</b>	<b>115,332</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 28 LOANS TO CUSTOMERS (Continued)

### (c) Significant changes in gross carrying amount of loans to customers that contribute to movements on ECL allowances (Continued)

Current Secured loans	Year ended 31 December 2020			Total
	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	
Audited				
<b>Gross carrying amount as at 31 December 2019</b>	362,602	11,922	797,433	1,171,957
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(87,931)	87,931	—	—
<i>Transfers from Stage 2 to Stage 3</i>	—	(61,301)	61,301	—
Loans to customers derecognized during the year other than write-offs	(464,886)	(29,080)	(65,000)	(558,966)
New loans to customers originated	577,214	—	—	577,214
Changes in interest accrual	(555)	(25)	80,193	79,613
Write-offs	—	—	(3,322)	(3,322)
<b>Gross carrying amount as at 31 December 2020</b>	386,444	9,447	870,605	1,266,496
Current Unsecured loans				
Audited				
<b>Gross carrying amount as at 31 December 2019</b>	750,158	—	247,633	997,791
Transfers:				
<i>Transfers from Stage 1 to Stage 2</i>	(208,499)	208,499	—	—
<i>Transfers from Stage 2 to Stage 3</i>	—	(86,799)	86,799	—
Loans to customers derecognized during the year other than write-offs	(3,086,305)	(121,700)	(87,705)	(3,295,710)
New loans to customers originated	3,333,958	—	10,500	3,344,458
Changes in interest accrual	(13,386)	—	4,146	(9,240)
Write-offs	—	—	(156)	(156)
FX and other movements	(1,083)	—	(7)	(1,090)
<b>Gross carrying amount as at 31 December 2020</b>	774,843	—	261,210	1,036,053

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
<b>Non-current assets</b>		
Equity securities	—	440
<b>Current assets</b>		
Equity securities	<b>26,541</b>	24,542
Structured deposits	<b>143,294</b>	82,880
	<b>169,835</b>	107,422
	<b>169,835</b>	107,862

- (a) The interest rates of structured deposits are related to the exchange rate and are all with maturity within one year. As at 30 June 2021, structured deposits with principal amount of RMB140.4 million are pledged with banks to secure borrowings with principal amount of RMB135.5 million (31 December 2020: nil) (Note 34(b)).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 30 CASH AT BANK AND CASH ON HAND

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
Cash on hand	<b>861</b>	968
Demand deposits with banks	<b>89,934</b>	102,744
Deposits with a securities company	<b>88</b>	207
Interest receivable from bank deposits	<b>2,719</b>	5,019
Term deposits with banks with original maturities over 3 months, net	<b>323,995</b>	325,142
<i>Term deposits with banks with original maturities over 3 months, gross</i>	<b>324,159</b>	325,306
<i>Less: ECL allowances</i>	<b>(164)</b>	(164)
	<b>417,597</b>	434,080

Cash at bank and cash on hand are denominated in the following currencies:

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
RMB	<b>405,381</b>	193,592
US dollar	<b>10,583</b>	240,109
Hong Kong dollar	<b>1,633</b>	379
	<b>417,597</b>	434,080

Cash and cash equivalents of the Group are determined as follows:

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
Cash at bank and cash on hand	<b>417,597</b>	434,080
Less: Unrestricted term deposits with banks with original maturities over 3 months	<b>(37,010)</b>	(36,000)
Interest receivable from bank deposits	<b>(2,719)</b>	(5,019)
Restricted term deposits pledged with banks	<b>(286,985)</b>	(289,142)
	<b>90,883</b>	103,919



# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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## 30 CASH AT BANK AND CASH ON HAND (Continued)

As at 30 June 2021, no restricted term USD deposits are pledged with banks to secure bank borrowings (31 December 2020: restricted term deposits of US\$33.8 million, which is equivalent to RMB220.5 million are pledged with banks to secure bank borrowings with principal amount of RMB210.8 million) (Note 34).

As at 30 June 2021, restricted term deposits of RMB287.0 million (31 December 2020: RMB68.6 million) are pledged with banks to secure bank borrowings with principal amount of RMB272.0 million (31 December 2020: RMB65.5 million) (Note 34).

## 31 SHARE CAPITAL

	Number of shares	Ordinary shares HK\$	Ordinary shares RMB
<b>Issued and fully paid:</b>			
As at 30 June 2021	<b>1,087,771,000</b>	<b>10,877,710</b>	<b>8,640,722</b>
As at 31 December 2020	1,087,769,000	10,877,690	8,640,705

### (i) Movements in ordinary shares

	Number of shares	Ordinary shares HK\$	Ordinary shares RMB
<b>Details</b>			
Opening balance 1 January 2021	<b>1,087,769,000</b>	<b>10,877,690</b>	<b>8,640,705</b>
Issue of shares under employee share scheme	<b>2,000</b>	<b>20</b>	<b>17</b>
Balance 30 June 2021	<b>1,087,771,000</b>	<b>10,877,710</b>	<b>8,640,722</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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(All amounts in RMB thousands unless otherwise stated)

## 32 SHARE PREMIUM AND OTHER RESERVES

	Other reserves					Total
	Share premium	Capital reserve	Statutory reserve	General reserve	Share-based payments reserve	
At 1 January 2020	601,993	506,963	77,715	4,417	7,171	1,198,259
Issue of ordinary shares under employee share scheme (a)	735	—	—	—	(187)	548
Transactions with non-controlling interests	—	(555)	—	—	—	(555)
Capital injections from non-controlling interests	—	(1,750)	—	—	—	(1,750)
At 30 June 2020	602,728	504,658	77,715	4,417	6,984	1,196,502
At 1 January 2021	<b>602,728</b>	<b>504,658</b>	<b>77,715</b>	<b>4,417</b>	<b>6,984</b>	<b>1,196,502</b>
Issue of ordinary shares under employee share scheme (a)	<b>1</b>	—	—	—	—	<b>1</b>
Transactions with non-controlling interests	—	—	—	—	—	—
Capital injections from non-controlling interests	—	—	—	—	—	—
At 30 June 2021	<b>602,729</b>	<b>504,658</b>	<b>77,715</b>	<b>4,417</b>	<b>6,984</b>	<b>1,196,503</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 32 SHARE PREMIUM AND OTHER RESERVES (Continued)

### (a) Share-based payments

The grant of share options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group was approved on 13 September 2016. The options have a contractual option term of five years and will expire on 12 September 2021. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Set below are summaries of options granted and forfeited under the plan:

Unaudited	Six months ended 30 June 2021	
	Average exercise price in HK\$ per share option	Number of share options (thousands)
At 1 January	0.62	25,269
Granted	—	—
Exercised	0.62	(2)
Forfeited	—	—
At 30 June	0.62	25,267
Vested and exercisable as at 30 June 2021	0.62	25,267

  

Unaudited	Six months ended 30 June 2020	
	Average exercise price in HK\$ per share option	Number of share options (thousands)
At 1 January	0.62	27,238
Granted	—	—
Exercised	0.62	(982)
Forfeited	0.62	(5)
At 30 June	0.62	26,251
Vested and exercisable as at 30 June 2020	0.62	26,251

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 32 SHARE PREMIUM AND OTHER RESERVES (Continued)

### (a) Share-based payments (Continued)

In 2021, the Company issues 2,000 ordinary shares (2020: 982,000 ordinary shares) in connection with the exercised options under the share-based payments scheme. Consideration received amounts to HK\$1.2 thousand (equivalent to approximately RMB1.0 thousand) (2020: HK\$609 thousand (equivalent to approximately RMB557 thousand)). The excess of RMB1.0 thousand (2020: RMB548 thousand) over the par value of RMB0.02 thousand (2020: RMB9 thousand), plus transfer-in amount of RMB0.4 thousand (2020: RMB187 thousand) previously recognized in share-based payments reserve, is credited to “share premium” with a total amount of RMB1.4 thousand (2020: RMB735 thousand).

## 33 OTHER CURRENT LIABILITIES

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
Construction development payables		
— China Huirong Headquarter Building	<b>33,740</b>	—
Advance from transferee of financial assets	<b>10,831</b>	9,678
Accrued employee benefits	<b>5,204</b>	4,847
Provisions to financial guarantees	<b>1,250</b>	1,612
Turnover tax and other tax payable	<b>256</b>	1,669
Other financial liabilities	<b>6,552</b>	4,746
	<b>57,833</b>	22,552

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 34 BORROWINGS

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
<b>Non-current</b>		
Bank borrowings (a)	<b>95,380</b>	50,380
<b>Current</b>		
Bank borrowings (b)	<b>568,380</b>	436,489
Borrowings from micro-finance companies (c)	<b>3,000</b>	23,500
Borrowings from other company (d)	<b>8,500</b>	—
	<b>579,880</b>	459,989
	<b>675,260</b>	510,369

(a) As at 30 June 2021, non-current bank borrowing with principle amount of RMB95.4 million (31 December 2020: RMB50.4 million) is borrowed specifically for the construction of China Huirong Headquarters Building. The borrowing is repaid in a scheduled instalments within 6 years and bears floating interest rate of the 5-year LPR plus 15 bps. The borrowing is secured by the land-use right held by the Group and guaranteed by Jiangsu Wuzhong Group Co., Ltd. ("Wuzhong Group"). As at 30 June 2021, the undrawn bank borrowing facilities are RMB0.1 million (31 December 2020: RMB49.6 million).

(b) Current bank borrowings are all with maturity within one year and bear fixed interest rates ranging from 3.40% to 6.59% per annum in the six months ended 30 June 2021 (2020: fixed rate from 3.60% to 5.95%).

As at 30 June 2021, no bank borrowings are secured by restricted term USD deposits (31 December 2020: bank borrowings with principal amount of RMB210.8 million are secured by restricted term deposits of US\$33.8 million) (Note 30).

As at 30 June 2021, bank borrowings with principal amount of RMB272.0 million (31 December 2020: RMB65.5 million) are secured by restricted term deposits of RMB287.0 million (31 December 2020: RMB68.6 million) (Note 30).

As at 30 June 2021, bank borrowings with principal amount of RMB 135.5 million are secured by structured deposits of RMB140.4 million (31 December 2020: nil) (Note 29).

As at 30 June 2021, bank borrowings with principal amount of RMB120.0 million (31 December 2020: RMB120.2 million) are guaranteed by Jiangsu Wuzhong Jiaye Group Co., Ltd. (江蘇吳中嘉業集團有限公司) ("Wuzhong Jiaye") and the Ultimate Shareholders (Note 37(b)).

As at 30 June 2021, bank borrowings with principal amount of RMB 10.0 million are guaranteed by Suzhou Guofa Financing Guarantee Co., Ltd. (31 December 2020: nil).

(c) As at 30 June 2021, borrowings from microfinance companies with principal amount of RMB3.0 million are guaranteed by Wuzhong Group (31 December 2020: RMB23.5 million) (Note 37(b)).

(d) As at 30 June 2021, borrowings from Jiangsu Jinnong Co., Ltd. with principal amount of RMB8.5 million are guaranteed by Jiangsu Jinchuang Credit Re-guarantee Co., Ltd. (31 December 2020: nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 35 CONTINGENCIES

As at 30 June 2021, the Group does not have any material contingencies (31 December 2020: nil).

## 36 COMMITMENTS

### (a) Capital commitments

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
China Huirong Headquarter Building	<b>44,534</b>	87,162
Suzhou Huifang Rongcui Management Consulting Co., Ltd ("Huifang Rongcui") (i)	<b>90,000</b>	—
Suzhou Cibe Management Consulting partnership (LP) ("Suzhou Cibe") (ii)	<b>34,870</b>	—
Nanjing Yiling Culture and Art Co., Ltd ("Nanjing Yiling") (iii)	<b>10,250</b>	—
	<b>179,654</b>	87,162

- (i) The committed capital injection to Huifang Rongcui is RMB90.0 million and has not been paid by the Group as at 30 June 2021 (31 December 2020: Nil).
- (ii) The committed capital injection to Suzhou Cibe is RMB45.0 million, of which RMB34.9 million has not been paid by the Group as at 30 June 2021 (31 December 2020: Nil).
- (iii) The committed capital injection to Nanjing Yiling is RMB30.3 million, of which RMB10.3 million has not been paid by the Group as at 30 June 2021 (31 December 2020: Nil).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 37 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions of the Group. Parties are also considered to be related if they are subject to common control. Members of directors, key management and their close family member are also considered as related parties.

Names of related parties	Nature of relationship
Wuzhong Jiaye	Direct equity holder of Wuzhong Pawnshop
Wuzhong Group	Controlling shareholder of Wuzhong Jiaye before Reorganization
Jiangsu Wuzhong Real Estate Group Co., Ltd. (江蘇吳中地產集團有限公司) ("Wuzhong Real Estate")	A related party controlled by Wuzhong Group
Wuzhong America Services for Cultural Education and Communication Ltd ("Wuzhong America")	A related party controlled by Wuzhong Group
BVI companies wholly owned by each of the Ultimate Shareholders ("BVI entities owned by the Ultimate Shareholders")	Related parties controlled by each of the Ultimate shareholders
Tricor Services Limited (卓佳專業商務有限公司) ("Tricor")	Company Secretary
Shenzhen Zuanying Internet Co., Ltd. (深圳鑽盈互聯網有限公司) ("Shenzhen Zuanying")	Associate
Suzhou Huiying Precious Metals Co., Ltd. (蘇州匯盈貴金屬有限公司) ("Huiying Precious Metals")	Related parties controlled by the ultimate shareholders

### (b) Significant transactions with related parties

The Group has the following significant transactions with related parties:

	Six months ended 30 June	
	2021 Unaudited	2020 Unaudited
Bank borrowings guaranteed by Wuzhong Jiaye and Ultimate Shareholders (in principal amount at period end) (Note 34(b))	120,000	170,000
Bank borrowings guaranteed by Wuzhong Group (in principal amount at period end) (Note 34(a))	95,380	50,380
Borrowings from microfinance companies guaranteed by Wuzhong Group (in principal amount at period end) (Note 34(c))	3,000	33,500
Interest expenses paid to Wuzhong Group	200	49

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2021  
(All amounts in RMB thousands unless otherwise stated)

## 37 RELATED PARTY TRANSACTIONS (Continued)

### (c) Balances with related parties

	<b>30 June 2021 Unaudited</b>	31 December 2020 Audited
<b>Amounts due to related parties</b>		
Due to Wuzhong Group	—	25,039
Due to BVI entities owned by the Ultimate Shareholders	<b>633</b>	633
	<b>633</b>	25,672

As at 30 June 2021, there is no balance of loan to customer or borrowings held by directors or key management (31 December 2020: nil).

### (d) Key management personnel compensation

Key management comprises five members including the executive directors, the vice president, the assistant to the president and the risk control director. The compensation paid or payable to key management for employee services is shown below:

	<b>Six months ended 30 June</b>	
	<b>2021 Unaudited</b>	2020 Unaudited
Basic salaries	<b>1,018</b>	1,363
Discretionary bonuses	<b>1,075</b>	2,420
Pension and other social security obligations	<b>382</b>	147
	<b>2,475</b>	3,930

### (e) Key management personnel services provided by management entity

For the six months ended 30 June 2021, the Group pay RMB146 thousand to Tricor Services Limited for the company secretary services (2020: RMB26 thousand).

## 38 SUBSEQUENT EVENTS

On 26 July 2021, the Group invests RMB9.0 million to set up a new subsidiary Huifang Rongcui together with a non-controlling shareholder and obtains 90% of the equity interest of Huifang Rongcui.



# DEFINITIONS

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

“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time)
“Audit Committee”	the audit committee of the Company
“Board” or “Board of Directors”	the board of directors of our Company
“CG Code”	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China excluding, for the purpose of this interim report, Hong Kong, Macau and Taiwan
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
“Company”	China Huirong Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability on 11 November 2011, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
“Contractual Arrangements”	a series of contracts entered into by Huifang Tongda, Huifang Technology, the PRC Operating Entity, Wuzhong Jiaye, Hengyue Consulting and the PRC Shareholders (as the case may be), details of which are described in the section headed “Our History and Reorganisation — Contractual Arrangements” in the Prospectus
“Director(s)”	the director(s) of our Company
“Dongshan Micro-finance”	Suzhou Wuzhong District Dongshan Agricultural Microfinance Co., Ltd.* (蘇州市吳中區東山農村小額貸款有限公司), a limited liability company established in the PRC on 26 December 2012, which is an indirect holding subsidiary of our Company
“EIT Law”	the Enterprise Income Tax Law of the People’s Republic of China
“Global Offering” or “IPO”	the Hong Kong public offering and the international offering of Shares
“Group”, “our Group”, “we”, “our” or “us”	our Company, its subsidiaries and the PRC Operating Entity (the financial results of which have been consolidated and accounted for as the subsidiary of our Company by virtue of the Contractual Arrangements) or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (or before such associated companies of our Company), the business operated by such subsidiaries or their predecessors (as the case may be)
“Hengyue Consulting”	Suzhou Xinqu Hengyue Management Consulting Co., Ltd.* (蘇州新區恒悅管理諮詢有限公司), a limited liability company established under the laws of the PRC on 22 October 2007, one of the direct shareholders of the PRC Operating Entity
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

## DEFINITIONS

“HKFRSs”	Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huida Factoring”	Suzhou Huida Commercial Factoring Company Limited* (蘇州匯達商業保理有限公司), a limited liability company established in the PRC on 30 May 2016, which is an indirect wholly-owned subsidiary of our Company
“Huifang Anda”	Suzhou Huifang Anda Insurance Agency Company Limited* (蘇州匯方安達保險代理有限公司), a limited liability company established in the PRC on 16 November 2004, formerly known as Nanjing Shun’an Insurance Agency Company Limited* (南京舜安保險代理有限公司), which is an indirect holding subsidiary of our Company
“Huifang Investment”	Huifang Investment Limited* (匯方投資有限公司), a limited liability company incorporated under the laws of Hong Kong on 5 December 2011 and a wholly-owned subsidiary of our Company
“Huifang Rongcui”	Suzhou Huifang Rongcui Management Consulting Co., Ltd.* (蘇州匯方融萃企業管理諮詢有限公司), a limited liability company established in the PRC on 29 June 2021, which is an indirect holding subsidiary of our Company
“Huifang Rongtong”	Suzhou Huifang Rongtong SME Guided Turnover Loan Fund (Limited Partnership)* (蘇州匯方融通中小微企業轉貸引導基金合夥企業(有限合夥)), a limited partnership company established in the PRC on 1 September 2017, which is an indirect holding subsidiary of our Company
“Huifang Supply Chain”	Suzhou Huifang Supply Chain Management Co., Ltd.* (蘇州市匯方供應鏈管理有限公司), a limited liability company established in the PRC on 25 May 2018, which is an indirect wholly-owned subsidiary of our Company
“Huifang Technology”	Suzhou Huifang Management Consulting Co., Ltd.* (蘇州匯方管理諮詢有限公司), a wholly foreign-owned enterprise established under the laws of the PRC on 29 December 2011, which is an indirect wholly owned subsidiary of our Company. On 12 December 2013, the name of Suzhou Huifang Management Consulting Co. Ltd.* (蘇州匯方管理諮詢有限公司) was changed to Suzhou Huifang Technology Co. Ltd.* (蘇州匯方科技有限公司) upon the approval from Administration for Industry and Commercial of Suzhou, Jiangsu
“Huifang Tongda”	Suzhou Huifang Tongda Management Consulting Co., Ltd.* (蘇州匯方同達管理諮詢有限公司), a limited liability company established in the PRC on 10 February 2012 which is an indirect wholly-owned subsidiary of our Company. On 11 December 2013, the name of Suzhou Huifang Tongda Management Consulting Co., Ltd.* (蘇州匯方同達管理諮詢有限公司) was changed to Suzhou Huifang Tongda Information Technology Co., Ltd.* (蘇州匯方同達信息科技有限公司) upon the approval from Administration for Industry and Commercial of Wuzhong, Suzhou
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange

## DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nanjing Yiling”	Nanjing Yiling Culture and Art Co., Ltd.* (南京藝瓏文化藝術有限公司), a limited liability company established in the PRC on 8 May 2021, which is an indirect holding subsidiary of our Company
“Nomination Committee”	the nomination committee of the Company
“PRC Operating Entity” or “Wuzhong Pawnshop”	Suzhou Wuzhong Pawnshop Co., Ltd.* (蘇州市吳中典當有限責任公司), a limited liability company established under the laws of the PRC on 21 December 1999, formerly known as Wuxian Wuzhong Pawnshop Co., Ltd.* (吳縣市吳中典當行有限公司), a company which we do not own but the financial results of which have been consolidated and accounted for as a subsidiary of our Company by virtue of the Contractual Arrangements
“PRC Shareholders”	Mr. Zhu Tianxiao, Mr. Zhang Xiangrong, Mr. Ge Jian, Mr. Chen Yannan, Mr. Wei Xingfa, Mr. Yang Wuguan and Mr. Zhuo You, who are the ultimate and indirect shareholders of the Company. Except for Mr. Zhuo You, who is a non-executive Director of the Company, none of the other PRC Shareholders is a director or chief executive member of the Company
“Prospectus”	prospectus of the Company dated 16 October 2013 in relation to the Global Offering
“Reporting Period”	the six months ended 30 June 2021
“Remuneration Committee”	the remuneration committee of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share(s)”	ordinary shares(s) in the capital of the Company with normal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Cibeii”	Suzhou Cibeii Management Consulting Partnership (LP)* (蘇州次貝企業管理諮詢合夥企業(有限合夥)), a limited partnership company established in the PRC on 16 April 2021, the Company indirectly jointly controls it
“Ultimate Shareholders”	the ultimate shareholders as defined in the note 1 to the section headed “NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION” of this report

## DEFINITIONS

“Wuzhong Group”	Jiangsu Wuzhong Group Co., Ltd.* (江蘇吳中集團有限公司), a limited liability company established under the laws of the PRC on 26 May 1992, formerly known as Jiangsu Wuzhong Group Co.* (江蘇吳中集團公司)
“Wuzhong Jiaye”	Jiangsu Wuzhong Jiaye Group Co., Ltd.* (江蘇吳中嘉業集團有限公司), a limited liability company established under the laws of the PRC on 25 April 2005, formerly known as Jiangsu Wuzhong Jiaye Investment Co., Ltd.* (江蘇吳中嘉業投資有限公司), one of the direct shareholders of the PRC Operating Entity
“Wuzhong Real Estate”	Jiangsu Wuzhong Real Estate Group Co., Ltd.* (江蘇吳中地產集團有限公司), a limited liability company established under the laws of the PRC on 13 August 1992, formerly known as Jiangsu Wuzhong Dongwu Property Development Co.* (江蘇吳中東吳產業開發公司), Wuxian Dongwu Property Development Co.* (吳縣市東吳產業開發公司), and Jiangsu Wuzhong Dongwu Property Development Co., Ltd.* (江蘇吳中東吳產業開發有限公司)

\* For identification purpose only

In this interim report, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.