

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Shanghai Dongzheng Automotive Finance Co., Ltd.*

上海東正汽車金融股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 2718)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

INTERIM RESULTS

The Board of Shanghai Dongzheng Automotive Finance Co., Ltd.* hereby announces the unaudited interim results of the Company for the six months ended 30 June 2021, together with the comparative figures for the corresponding period in 2020, which shall be read in conjunction with the management discussion and analysis below.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*For the six months ended 30 June 2021 — unaudited**(Expressed in thousands of Renminbi, unless otherwise stated)*

		Six months ended 30 June	
	<i>Note</i>	2021	2020
		(unaudited)	(unaudited)
		RMB'000	RMB'000
Interest income		213,075	443,351
Interest expenses		(48,807)	(154,565)
Net interest income	3	164,268	288,786
Fee and commission income		19,702	40,203
Fee and commission expenses		(417)	(477)
Net fee and commission income	4	19,285	39,726
Other net income	5	772	9,828
Operating income		184,325	338,340
Operating expenses		(55,431)	(55,582)
Impairment losses		(474,563)	(91,310)
Finance costs		(719)	(1,025)
(Loss)/profit before taxation	6	(346,388)	190,423
Income tax	7	86,661	(47,702)
(Loss)/profit and total comprehensive income for the period		(259,727)	142,721
(Loss)/earnings per share			
Basic and diluted (<i>RMB</i>)	8	(0.1214)	0.0667

STATEMENT OF FINANCIAL POSITION

At 30 June 2021 — unaudited

(Expressed in thousands of Renminbi, unless otherwise stated)

	<i>Note</i>	At 30 June 2021 (unaudited) <i>RMB'000</i>	At 31 December 2020 (audited) <i>RMB'000</i>
Assets			
Cash and deposits with central bank	9	6,258	5,025
Deposits with banks	10	219,243	90,396
Loans and advances to customers	11	4,111,609	5,751,275
Finance lease receivables	12	13,260	18,455
Bills receivable	13	120,333	—
Property and equipment	14	22,548	28,234
Intangible assets	15	9,266	11,337
Deferred tax assets		233,896	112,503
Other assets	16	230,262	251,537
Total assets		4,966,675	6,268,762
Liabilities			
Placements from banks	17	942,759	2,033,911
Guarantee deposits	18	100,911	30,299
Lease liabilities	19	18,694	23,372
Current taxation		6,690	18,379
Other liabilities	20	92,788	98,241
Total liabilities		1,161,842	2,204,202
NET ASSETS		3,804,833	4,064,560
CAPITAL AND RESERVES			
Share capital		2,139,651	2,139,651
Reserves	21(b)	1,665,182	1,924,909
TOTAL EQUITY		3,804,833	4,064,560

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in thousands of Renminbi, unless otherwise stated)

1 BASIS OF PREPARATION

The interim financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

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

2 CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) that are first effective for the current accounting period of the Company:

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

None of these developments have had a material effect on how the Company’s results and financial position for the current or prior periods have been prepared or presented in these interim financial statements. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 NET INTEREST INCOME

	Six months ended 30 June	
	2021	2020
	RMB’000	RMB’000
Interest income arising from		
Loans and advances to customers	210,962	439,960
Deposits with central bank and other banks	1,374	1,454
Finance lease receivables	739	1,937
Sub-total	213,075	443,351
Interest expenses arising from		
Placements from banks	(48,807)	(154,565)
Sub-total	(48,807)	(154,565)
Net interest income	164,268	288,786

4 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Fee and commission income arising from		
Joint loan services	16,903	28,303
Consulting services	221	5,993
Others	2,578	5,907
	<u>19,702</u>	<u>40,203</u>
Sub-total	<u>19,702</u>	<u>40,203</u>
Fee and commission expenses arising from		
Bank charges	(417)	(477)
	<u>(417)</u>	<u>(477)</u>
Sub-total	<u>(417)</u>	<u>(477)</u>
Net fee and commission income	<u>19,285</u>	<u>39,726</u>

The Company derives its fee and commission income arising from its consulting services at a point in time; fee and commission income arising from its joint loan services over time.

5 OTHER NET INCOME

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Net exchange gains/(losses)		425	(2,558)
Government grants	(a)	—	12,148
Others		347	238
		<u>772</u>	<u>9,828</u>
Total		<u>772</u>	<u>9,828</u>

(a) The government grants were received unconditionally by the Company from the local government where it resides.

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Staff costs

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses and allowances	23,307	29,212
Other social welfare	3,346	2,403
Contributions to pension schemes	2,991	1,149
	<u>29,644</u>	<u>32,764</u>
Total	<u>29,644</u>	<u>32,764</u>

(b) Impairment losses

	Note	Six months ended 30 June	
		2021	2020
		<i>RMB'000</i>	<i>RMB'000</i>
Loans and advances to customers	11	441,371	88,461
Finance lease receivables	12	(587)	2,849
Bills receivable	13	13,370	—
Other assets	16	20,409	—
		<u>474,563</u>	<u>91,310</u>
Total		<u>474,563</u>	<u>91,310</u>

(c) Other items

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Depreciation and amortisation		
— right-of-use assets	4,631	4,658
— intangible assets	2,321	3,222
— property and equipment	1,323	1,613
Professional service fees	6,995	4,493
Legal consultancy	3,397	1,479
Maintenance fees	3,109	1,619
Tax and surcharges	1,637	4,755
Office expenses	653	190
Travel expenses	547	316
Expense relating to short-term leases	50	69
Others	1,124	404
	<hr/>	<hr/>
Sub-total	25,787	22,818
Finance costs	719	1,025
	<hr/>	<hr/>
Total	26,506	23,843

7 INCOME TAX IN THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Taxation in the statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax		
Provision for the period	34,875	34,870
Over-provision in respect of prior years	(143)	(143)
	<hr/>	<hr/>
Sub-total	34,732	34,727
Deferred tax		
Origination of temporary differences	(121,393)	12,975
	<hr/>	<hr/>
Total	(86,661)	47,702

(i) The Company is subject to PRC corporate income tax at the statutory tax rate of 25%.

8 (LOSS)/EARNINGS PER SHARE

(a) Basic and diluted earnings per share

The calculation of basic (loss)/earnings per share is based on the (loss)/profit attributable to ordinary equity shareholders of the Company of loss of RMB259,727 thousands (six months ended 30 June 2020: profit of RMB142,721 thousands) and the weighted average of 2,139,651 thousands ordinary shares (2020: 2,139,651 thousands ordinary shares) in issue during the interim period, which is set out as follows:

	Six months ended 30 June	
	2021	2020
(Loss)/profit attributable to ordinary equity shareholders of the Company (<i>RMB'000</i>)	(259,727)	142,721
Weighted average number of ordinary shares issued (<i>in thousands</i>)	2,139,651	2,139,651
Basic and diluted earnings per share attributable to shareholders (<i>RMB</i>)	<u>(0.1214)</u>	<u>0.0667</u>

There were no dilutive potential ordinary shares for the six months ended 30 June 2021 or 2020. Therefore, diluted (loss)/earnings per share are equivalent to basic earnings per share.

9 CASH AND DEPOSITS WITH CENTRAL BANK

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Deposits with central bank		
— Statutory deposit reserves	6,189	4,796
— Surplus deposit reserves	<u>66</u>	<u>226</u>
Sub-total	6,255	5,022
Accrued interest	<u>3</u>	<u>3</u>
Total	<u>6,258</u>	<u>5,025</u>

10 DEPOSITS WITH BANKS

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Deposits with banks	219,210	90,379
Accrued interest	<u>33</u>	<u>17</u>
Total	<u>219,243</u>	<u>90,396</u>

11 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Retail loans	2,368,797	3,563,067
Dealer's loans	<u>2,581,294</u>	<u>2,581,294</u>
Gross loans and advances to customers	4,950,091	6,144,361
Accrued interest	<u>57,227</u>	<u>58,581</u>
Sub-total	5,007,318	6,202,942
Less: Allowances for impairment losses	<u>(895,709)</u>	<u>(451,667)</u>
Net loans and advances to customers	<u>4,111,609</u>	<u>5,751,275</u>

As at 30 June 2021, the Company has pledged its retail loans amounting to RMB1.32 billion as collateral to certain placements from banks to the Company (31 December 2020: RMB2.36 billion).

(b) Analysed by type of collateral

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Collateralized loans	2,368,797	3,563,067
Guaranteed loans	<u>2,581,294</u>	<u>2,581,294</u>
Gross loans and advances to customers	4,950,091	6,144,361
Accrued interest	57,227	58,581
Less: Allowances for impairment losses	<u>(895,709)</u>	<u>(451,667)</u>
Net loans and advances to customers	<u><u>4,111,609</u></u>	<u><u>5,751,275</u></u>

(c) Overdue loans (excluding accrued interest) analysed by type of collateral and overdue period

	At 30 June 2021				Total <i>RMB'000</i>
	Overdue within 3 months (inclusive) <i>RMB'000</i>	Overdue more than 3 months to 6 months (inclusive) <i>RMB'000</i>	Overdue more than 6 months to one year (inclusive) <i>RMB'000</i>	Overdue more than one year <i>RMB'000</i>	
Collateralized loans	<u>42,072</u>	<u>7,104</u>	<u>5,062</u>	<u>857</u>	<u>55,095</u>

	At 31 December 2020				Total <i>RMB'000</i>
	Overdue within 3 months (inclusive) <i>RMB'000</i>	Overdue more than 3 months to 6 months (inclusive) <i>RMB'000</i>	Overdue more than 6 months to one year (inclusive) <i>RMB'000</i>	Overdue more than one year <i>RMB'000</i>	
Collateralized loans	<u>33,337</u>	<u>8,282</u>	<u>7,545</u>	<u>1,520</u>	<u>50,684</u>

Overdue loans represent loans and advances to customers, of which the whole or part of the principal or interest was overdue for one day or more. All amounts are shown as gross amount of overdue loans and advances to customers before any allowances for impairment losses.

As at 30 June 2021, interests amounting to RMB7,571 thousands of certain guaranteed loans due from customers were due and have not been settled on 30 June 2021. The relevant principal amount was RMB513,682 thousands as at 30 June 2021.

(d) Analysed by methods for assessing allowances for impairment losses

	At 30 June 2021			Total <i>RMB'000</i>
	12-month ECL <i>RMB'000</i>	Lifetime ECL for not credit- impaired <i>RMB'000</i>	Lifetime ECL for credit- impaired <i>RMB'000</i>	
Gross loans and advances to customers (including accrued interest)	2,271,218	2,190,540	545,560	5,007,318
Less: Allowances for impairment losses	<u>(18,758)</u>	<u>(543,604)</u>	<u>(333,347)</u>	<u>(895,709)</u>
Net loans and advances to customers	<u>2,252,460</u>	<u>1,646,936</u>	<u>212,213</u>	<u>4,111,609</u>
	At 31 December 2020			Total <i>RMB'000</i>
	12-month ECL <i>RMB'000</i>	Lifetime ECL for not credit- impaired <i>RMB'000</i>	Lifetime ECL for credit- impaired <i>RMB'000</i>	
Gross loans and advances to customers (including accrued interest)	3,524,437	2,656,341	22,164	6,202,942
Less: Allowances for impairment losses	<u>(64,203)</u>	<u>(366,087)</u>	<u>(21,377)</u>	<u>(451,667)</u>
Net loans and advances to customers	<u>3,460,234</u>	<u>2,290,254</u>	<u>787</u>	<u>5,751,275</u>

12 FINANCE LEASE RECEIVABLES

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Minimum finance lease receivables	19,110	25,687
Less: Unearned finance lease income	<u>(839)</u>	<u>(1,634)</u>
Present value of finance lease receivables	18,271	24,053
Less: Allowances for impairment losses	<u>(5,011)</u>	<u>(5,598)</u>
Total	<u>13,260</u>	<u>18,455</u>

13 BILLS RECEIVABLE

As of the end of the reporting period, the ageing analysis of commercial bills receivable is as follows:

	At 30 June 2021 <i>RMB'000</i>
Within 1 month (inclusive)	30,239
After 1 month but within 3 months (inclusive)	9,456
After 3 months but within 6 months (inclusive)	<u>94,008</u>
Sub-total	133,703
Less: Allowances for impairment losses	<u>(13,370)</u>
Total	<u>120,333</u>

14 PROPERTY AND EQUIPMENT

(a) Carrying amount

	Electronic equipment <i>RMB'000</i>	Office furniture <i>RMB'000</i>	Improvement to leasehold property <i>RMB'000</i>	Properties leased for own use carried at cost <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At 1 January 2020	4,085	1,082	14,427	49,304	68,898
Additions	289	—	1	—	290
Disposals	(7)	—	—	(13,092)	(13,099)
At 31 December 2020	4,367	1,082	14,428	36,212	56,089
Additions	137	—	138	—	275
Disposals	(20)	(22)	—	—	(42)
At 30 June 2021	<u>4,484</u>	<u>1,060</u>	<u>14,566</u>	<u>36,212</u>	<u>56,322</u>
Accumulated depreciation:					
At 1 January 2020	(2,176)	(756)	(6,207)	(19,227)	(28,366)
Charge for the year	(691)	(122)	(2,330)	(9,290)	(12,433)
Disposals	3	—	—	12,941	12,944
At 31 December 2020	(2,864)	(878)	(8,537)	(15,576)	(27,855)
Charge for the period	(293)	(27)	(1,003)	(4,631)	(5,954)
Disposals	14	21	—	—	35
At 30 June 2021	<u>(3,143)</u>	<u>(884)</u>	<u>(9,540)</u>	<u>(20,207)</u>	<u>(33,774)</u>
Net book value:					
At 30 June 2021	<u>1,341</u>	<u>176</u>	<u>5,026</u>	<u>16,005</u>	<u>22,548</u>
At 31 December 2020	<u>1,503</u>	<u>204</u>	<u>5,891</u>	<u>20,636</u>	<u>28,234</u>

15 INTANGIBLE ASSETS

	Computer software RMB'000
Cost:	
At 1 January 2020	37,828
Additions	<u>361</u>
At 31 December 2020	38,189
Additions	<u>250</u>
At 30 June 2021	<u><u>38,439</u></u>
Accumulated amortisation:	
At 1 January 2020	(21,316)
Charge for the year	<u>(5,536)</u>
At 31 December 2020	(26,852)
Charge for the period	<u>(2,321)</u>
At 30 June 2021	<u><u>(29,173)</u></u>
Net book value:	
At 30 June 2021	<u><u>9,266</u></u>
At 31 December 2020	<u><u>11,337</u></u>

16 OTHER ASSETS

	<i>Note</i>	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Other receivables	<i>(a)</i>	234,645	236,473
Prepayments	<i>(b)</i>	21,769	19,997
Interest receivables		2,802	5,154
Deductible value-added tax		2,714	—
Others		150	1,322
Less: Allowances for impairment losses		<u>(31,818)</u>	<u>(11,409)</u>
Total		<u>230,262</u>	<u>251,537</u>

(a) Other receivables

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Receivables from related party dealers due to third-party loans cancellation	228,188	228,188
Deposits	3,413	3,413
Commission receivables of joint loans	<u>3,044</u>	<u>4,872</u>
Total	<u>234,645</u>	<u>236,473</u>

As at 30 June 2021, the ageing of receivables from related party dealers due to third-party loans cancellation is more than 3 months but within 1 year. (31 December 2020: more than 3 months but within 1 year).

(b) Prepayments

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Prepayments to dealers	15,000	15,000
Other prepayments	<u>6,769</u>	<u>4,997</u>
Total	<u>21,769</u>	<u>19,997</u>

17 PLACEMENTS FROM BANKS

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Placements from banks		
— secured	822,040	1,333,000
— unsecured	109,974	689,776
Accrued interest	10,745	11,135
	<hr/>	<hr/>
Total	942,759	2,033,911
	<hr/> <hr/>	<hr/> <hr/>

18 GUARANTEE DEPOSITS

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Deposits provided by dealers for dealer's loans	94,008	19,738
Deposits from finance lease clients	4,092	5,995
Deposits provided by dealers for retail business	2,811	4,566
	<hr/>	<hr/>
Total	100,911	30,299
	<hr/> <hr/>	<hr/> <hr/>

19 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Company's lease liabilities:

	At 30 June 2021		At 31 December 2020	
	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>	Present value of the minimum lease payments <i>RMB'000</i>	Total minimum lease payments <i>RMB'000</i>
Within 1 year (inclusive)	<u>10,793</u>	<u>11,187</u>	<u>10,628</u>	<u>11,017</u>
After 1 year but within 2 years (inclusive)	6,654	7,345	9,066	10,023
After 2 years but within 3 years (inclusive)	<u>1,247</u>	<u>1,444</u>	<u>3,678</u>	<u>4,332</u>
	<u>7,901</u>	<u>8,789</u>	<u>12,744</u>	<u>14,355</u>
	<u>18,694</u>	<u>19,976</u>	<u>23,372</u>	<u>25,372</u>
Less: total future interest expenses		<u>(1,282)</u>		<u>(2,000)</u>
Present value of lease liabilities		<u>18,694</u>		<u>23,372</u>

20 OTHER LIABILITIES

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Other payables	91,306	96,550
Advance receipts	<u>1,482</u>	<u>1,691</u>
Total	<u>92,788</u>	<u>98,241</u>

21 CAPITAL AND RESERVES

(a) Dividends

No dividend was declared or paid to equity shareholders of the Company attributable to six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

(b) Nature and purpose of reserves

(i) *Surplus reserve*

The surplus reserve represents statutory surplus reserve fund. Pursuant to the Company Law of the PRC and the Articles of Association of the Company, the Company is required to appropriate 10% of its net profit as on an annual basis determined under PRC GAAP after making good prior year's accumulated loss, to statutory surplus reserve fund until the reserve fund balance reaches 50% of its registered capital.

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

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

(ii) *General risk reserve*

Pursuant to "Measures on Impairment Allowances for Financial Enterprises (Cai Jin [2012] No. 20)" issued by the Ministry of Finance of the PRC, the Company is required to set aside a general reserve through profit appropriation which should not be lower than 1.5% of the ending balance of its gross risk-bearing assets on an annual basis. The general risk reserve balance of the Company as at 30 June 2021 amounted to RMB156,047 thousands (31 December 2020: RMB156,047 thousands), which has reached the requirement.

(c) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability of sustainable development, so that it can continue to provide returns and benefits for shareholders, by pricing services commensurate with the level of risk and by securing access to finance at a reasonable cost.

The Company actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be accompanied by higher risk levels of borrowings and the advantages and stability resulted from a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

22 SEGMENT REPORTING

(a) Business segment

The Company manages its businesses by business segments. In a manner consistent with the way in which information is reported internally to the Company's most senior executive management for the purposes of resource allocation and performance assessment, the Company has presented the following reportable segments:

- Retail business: this segment represents the Company's retail business provided to automotive end customers. The Company's retail business facilitates its customers' purchase of passenger vehicles. These products and services include direct loans where the Company issues automobile retail loans to customers with its own funding and charge interests on the loans, loan facilitation services, joint loan arrangement and direct lease services;
- Dealer's loan business: This segment represents the Company's dealer's loans provided to automobile dealers to facilitate their purchase of vehicles and accessories; and
- Others: These represent any other business which cannot form a single reportable segment.

	Six months ended 30 June 2021			
	Retail Business <i>RMB'000</i>	Dealer's loan Business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Net interest income	103,988	58,906	1,374	164,268
Net fee and commission income	19,285	—	—	19,285
Other net income	—	—	772	772
Operating income	123,273	58,906	2,146	184,325
Operating expenses	(37,092)	(18,339)	—	(55,431)
Reversal/(charge) of impairment losses	28,406	(502,969)	—	(474,563)
Finance costs	(481)	(238)	—	(719)
Profit/(loss) before taxation	114,106	(462,640)	2,146	(346,388)
Other segment information				
— Depreciation and amortisation	5,538	2,737	—	8,275

	At 30 June 2021			
	Retail Business <i>RMB'000</i>	Dealer's loan Business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets/ total assets	2,550,627	1,911,940	504,108	4,966,675
Reportable segment liabilities/ total liabilities	(554,830)	(532,708)	(74,304)	(1,161,842)
	Six months ended 30 June 2020			
	Retail Business <i>RMB'000</i>	Dealer's loan Business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Net interest income	201,791	85,541	1,454	288,786
Net fee and commission income	39,726	—	—	39,726
Other net income	—	—	9,828	9,828
Operating income	241,517	85,541	11,282	338,340
Operating expenses	(40,415)	(15,167)	—	(55,582)
Impairment losses	(78,262)	(13,048)	—	(91,310)
Finance costs	(745)	(280)	—	(1,025)
Profit before taxation	<u>122,095</u>	<u>57,046</u>	<u>11,282</u>	<u>190,423</u>
Other segment information				
— Depreciation and amortisation	<u>6,902</u>	<u>2,591</u>	<u>—</u>	<u>9,493</u>
	At 31 December 2020			
	Retail Business <i>RMB'000</i>	Dealer's loan Business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets/ total assets	3,715,297	2,282,560	270,905	6,268,762
Reportable segment liabilities/ total liabilities	(1,427,606)	(675,022)	(101,574)	(2,204,202)

(b) Geographical information

Geographically, the Company conducts its business in the PRC. The non-current assets are located in the PRC as well.

(c) Information about major customers

During the reporting period, there was no revenue from transactions with a single external customer amounting to 10% or more of the Company's total revenue.

23 CONTINGENCIES

The Company did not have any material contingent liabilities at the end of the reporting period (as at 31 December 2020: Nil).

24 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Potential disposal of the Company's shares by China ZhengTong Auto Services Holdings Limited ("the parent company")

The Company announced on 3 February 2021 that, as informed by the parent company, it was in discussion with an independent potential purchaser regarding, amongst others, a potential disposal of the shares of the Company (the "Potential Disposal"). As announced by the Company on 5 July and 5 August 2021, as far as the Company is aware, no decision has been made on whether to proceed with the Potential Disposal, no formal agreements have been entered into in respect of the Potential Disposal, and the discussion and negotiation were still in progress, therefore the Potential Disposal may or may not proceed.

Potential disposal of the parent company's shares by its controlling shareholder

The Company announced on 20 October 2020 that, as informed by the parent company, on 19 October 2020, the controlling shareholder of the parent company, i.e. Joy Capital Holdings Limited ("Joy Capital") and Mr. Wang Muqing entered into a sale and purchase agreement (the "SPA") with Xiamen Xindeco Ltd. (廈門信達股份有限公司)("Xindeco", as buyer). Pursuant to the SPA, Joy Capital conditionally agreed to sell and Xindeco conditionally agreed to purchase shares carrying 29.9% of the voting rights of the total issued shares of the parent company at a consideration of HK\$1,403,371,394 (the "Transaction").

The Company further announced on 1 August 2021 that, the Company was informed by the parent company that upon negotiations between the parties, Xindeco had withdrawn from the Transaction and on 31 July 2021, Joy Capital entered into a supplemental sale and purchase agreement (the "Supplemental Agreement") with the original parties and 廈門國貿控股集團有限公司 (Xiamen ITG Holding Group Co., Ltd.) (the "New Purchaser") whereby the parties agreed (among other things) that the New Purchaser shall enjoy all such rights and assume all such obligations of Xindeco under the SPA and the number of shares of the parent company to be transferred under the SPA has been adjusted to 820,618,184 (representing 29.9% of the entire issued share capital of the parent company as at the date of the Supplemental Agreement), at a total consideration of HK\$1,427,875,640.16. The completion of the Transaction is subject to fulfilment or waiver (as the case may be) of the conditions precedent set out in the SPA (as amended by the Supplemental Agreement), and the Transaction may or may not proceed.

As of the date of approval of these interim financial statements, as far as the Company is aware, the Transaction is still in process.

25 COMPARATIVE FIGURES

For disclosure purposes of these interim financial statements, certain comparative figures have been adjusted to conform to current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Company is an automotive finance company licensed and regulated by the CBIRC focusing on the luxury vehicle market. The Company's principal business comprises automotive loan business where the Company provides loans, direct leasing products and other financial services to the end customers, major customers and corporate clients for purchases of vehicles.

In the first half of 2021, despite encountering complicated and volatile domestic and international circumstances, along with the impact of chip shortage and increasing price of raw materials, the automobile industry in China has been growing at a fast pace. According to the China Association of Automobile Manufacturers, the production and sales volume of passenger vehicles in China in 2021 delivered a year-on-year increase of 26.8% and 27.0%, respectively. The increase was in part due to the recovery from industry downturn caused by the outbreak of COVID-19 pandemic in the first half of 2020 and post-pandemic rebound of demand.

As for the auto finance industry, automotive finance companies, as licensed institutions, are subject to the strict regulation of the CBIRC. As at 30 June 2021, there were 25 (31 December 2020: 25) licensed automotive finance companies in China, all of which are in competition with commercial banks, financial leasing companies and internet finance companies. Automotive finance companies, being in close relationship with automobile manufacturers and dealers, deliver enhanced product offerings and better services to customers. In addition to self-operated products through conventional financing channels such as inter-bank lending and banking facilities leveraging on its advantages as a licensed institution, the Company actively cooperated with major banks to launch joint loan products as a complement to its self-operated products, so as to facilitate the Company's asset allocation based on market conditions.

During the period, the Company's dealer network covered 225 cities in China. As at 30 June 2021, the Company had 870 (31 December 2020: 962) partnership-based dealers in total. Furthermore, by focusing on middle and high-end brands, these sales channels kept abreast with customers base of consumption upgrade demographic. The strengths of the sales network and reasonably established market presence enabled the Company to introduce good customer experience and services to the consumers.

During the period, as the domestic market was still being affected by the COVID-19 pandemic, and taking into account market and credit risks, the Company continued to adopt a cautious approach to approve loan applications, increase the proportion of joint loans products and reduce the use of the Company's financial resources, resulting in a significant decline in average loan amounts. Therefore, although the number of loans disbursed by the Company increased during the period, the amount of new loans disbursed decreased. The Company's loan portfolio decreased by 29% to RMB4.11 billion as at 30 June 2021 from RMB5.75 billion as at 31 December 2020. For the six months ended 30 June 2021, the Company's net interest income amounted to RMB164 million, representing a decrease of 43% as compared to the same period of 2020. The Company's operating income amounted to RMB184 million in the first half of 2021, representing a decrease of 46% as compared to the same period of 2020. The Company recorded an unaudited net loss of approximately RMB260 million in the first half of 2021, as compared to the unaudited net profit of approximately RMB143 million in the corresponding period last year. The net loss was mainly due to (i) the decrease in new loans disbursed by the Company since 2020 due to the cautious approach adopted by the Company to approve loan applications under the impact of COVID-19 pandemic, coupled with adjustments of interest rate made by the Company for customers greatly affected by the pandemic since the second half of last year, which resulted in a decrease in total loan size and interest income; and (ii) the increase in the Company's allowances for impairment losses of approximately RMB383 million relating to its loans and advances to customers and finance lease receivables, etc. due to the negative impact of the COVID-19 pandemic on repayment capabilities of some of its customers.

In terms of retail loan business, the Company disbursed a total of 5,170 retail loans throughout the first half of 2021, representing an increase of 207% over the same period of 2020. It was mainly due to the relatively low corresponding figures in the same period last year which was the most severe period amid the domestic pandemic. In spite of this, the amount of retail loans disbursed by the Company was RMB261 million, representing a decrease of 31% year-on-year. It was mainly because the Company increased the proportion of joint loans products and reduced the use of the Company's financial resources after taking into account market and credit risks. As a result, there was a significant decline in average loan amounts and a decrease in the amount of new loans disbursed.

In terms of dealer's loan business, as of 30 June 2021, the loan balance was RMB2.58 billion, which remained stable as compared to that at the end of 2020. For the six months ended 30 June 2021, the Company's average yield of dealer's loans decreased from 8.24% to 5.93%, which was mainly due to the adjustments of interest rate made by the Company for customers greatly affected by the pandemic.

	As at/For the six months ended 30 June	
	2021	2020
Amount of retail loans disbursed (<i>RMB million</i>)	261	379
Number of self-operated retail loans disbursed	5,170	1,686
Including: Standard self-operated loans	1,994	1,516
Joint loans	3,176	170
Gross outstanding loan balance (<i>RMB million</i>)	4,950	8,245
Including: Retail loans	2,369	5,622
Dealer's loans	2,581	2,623

For the purposes of risk management, the Company has strengthened its risk management and control capacity with focuses on risk policies, big data risk control, risk monitoring and asset preservation. Owing to the severe impact by the pandemic, there were circumstances of overdue principals and interests for certain customers. Although the Company had closely communicated with relevant customers to provide additional credit enhancement measures, relevant loans were classified into non-performing loans according to applicable regulations and taking into account the repayment capabilities, repayment intention and corresponding implementation status of credit enhancement measures of the relevant customers. As at 30 June 2021, the Company's non-performing loan balance was RMB530 million, representing a significant increase from RMB22 million at the end of 2020; the Company's non-performing loan ratio was 10.70%. During the period, the Company's risk management focused on (1) continuously optimizing risk policies and management and control strategies, strengthening overall risk monitoring system including assets quality, risk cost, channel grading, risk investigation and post-loan review to better control the risk of non-performing loans for the newly disbursed loans; (2) introducing multi-dimensional external anti-fraud data and applying statistics principle and machine learning algorithms to optimize the big data risk control model and enhance the ability of automated approval system to identify fraud risk and credit risk for retail customers; (3) further strengthening the dynamic assessment of the risk status of dealers and enhancing the ability to dynamically identify, assess and monitor the credit level of borrowers.

	As at 30 June 2021	As at 31 December 2020
Non-performing loan (NPL) ratio	10.70%	0.36%
Loan provision rate	18.09%	7.35%
Provision coverage ratio	169.15%	2,037.81%

On 20 October 2020, the Company received the administrative decisions (the “Decisions”) by the CBIRC Shanghai Office which stated that (i) the dealer auto loan business of the Company was carried out in serious violation of principle of prudent operation; (ii) ZhengTong obtained approval for the establishment of the Company by improper means; and (iii) ZhengTong and its related parties engaged in non-compliant related party transactions with the Company. According to the Decisions, the administrative approvals in respect of agreeing the capital contribution and capital increase by the controlling Shareholder have been revoked; the Company shall withdraw the equity interests in the Company held by ZhengTong, restrict the relevant shareholder’s rights of ZhengTong; and the controlling Shareholder’s benefits based on the revoked administrative approvals would not be protected. In addition, the CBIRC Shanghai Office ordered the Company to suspend the operation of the dealer auto loan business, imposed a fine of RMB2 million on the Company and issued a warning to Mr. Li Yi, the president of the Company. Since receiving the Decisions, the Company has conducted review and assessment towards dealer’s loan business, retail loan business and related party transactions and formulated a working plan to rectify and implement the requirements set out in the Decisions. Details have been disclosed in the Company’s announcement dated 7 December 2020. Regarding the withdrawal of Shareholder, the Company announced on 3 February, 3 March, 1 April, 3 May, 3 June, 5 July and 5 August 2021 that, as informed by ZhengTong, ZhengTong was in discussion with an independent potential purchaser (the “Potential Purchaser”) regarding, amongst others, a potential disposal of the shares of the Company (the “Potential Disposal”). As far as the Company is aware, no decision has been made on whether to proceed with the Potential Disposal, no formal agreements have been entered into in respect of the Potential Disposal, and the discussion and negotiation were still in progress, therefore the Potential Disposal may or may not proceed.

FINANCIAL REVIEW

Net Interest Income

The Company’s net interest income decreased by 43% to approximately RMB164 million for the six months ended 30 June 2021 from approximately RMB289 million for the six months ended 30 June 2020.

Set out below are the comparative figures for the six months ended 30 June 2021 and 2020.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Interest income		
Loans and advances to customers	210,962	439,960
Deposits with central bank and other banks	1,374	1,454
Finance lease receivables	739	1,937
	<u>213,075</u>	<u>443,351</u>
Interest expenses		
Placements from banks	<u>(48,807)</u>	<u>(154,565)</u>
	<u>(48,807)</u>	<u>(154,565)</u>
Net interest income	<u>164,268</u>	<u>288,786</u>

- Interest income: For the six months ended 30 June 2021, the Company recorded an interest income of approximately RMB213 million, representing a decrease of 51.9% as compared to approximately RMB443 million in the same period of 2020. The decrease in interest income was mainly due to the decrease in loan size, as well as a decrease in the yield of loans due to the market conditions. During the period, the average yield of retail loans was 9.13%, representing a decrease from 9.52% in the same period of 2020, while the average yield of dealer's loans decreased from 10.02% in the first half of 2020 to 5.93% in the first half of 2021.

	For the six months ended 30 June	
	2021	2020
	%	%
Net interest margin	5.67	6.03
Average yield of loans and advances to customers	7.63	9.66
Including: average yield of retail loans	9.13	9.52
average yield of dealer's loans	<u>5.93</u>	<u>10.02</u>

2. Interest expenses: Interest expenses of the Company decreased from approximately RMB155 million as at 30 June 2020 to approximately RMB49 million as at 30 June 2021, which was mainly due to the decrease in borrowings resulting from the reduction in loan portfolio. As at 30 June 2021, the Company's outstanding balance of placements from banks was approximately RMB0.94 billion (as at 31 December 2020: RMB2.03 billion). For the six months ended 30 June 2021, the average cost of interest-bearing liabilities was 6.37% (as at 30 June 2020: 6.10%).

	For the six months ended 30 June	
	2021 %	2020 %
Average cost of interest-bearing liabilities	6.37	6.10
Average cost of additional new interest-bearing liabilities	<u>6.15</u>	<u>6.31</u>

Non-interest Income

For the six months ended 30 June 2021, the Company received non-interest income of approximately RMB20.1 million, representing a decrease of 59.5% as compared to that of approximately RMB49.6 million for the same period of 2020.

1. Net fee and commission income: Net fee and commission income of the Company for the six months ended 30 June 2021 was approximately RMB19.3 million. Set forth below is a detailed breakdown:

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Fee and commission income		
Joint loan services	16,903	28,303
Consulting services	221	5,993
Others	<u>2,578</u>	<u>5,907</u>
Sub-total	<u>19,702</u>	<u>40,203</u>
Fee and commission expenses		
Bank charges	<u>(417)</u>	<u>(477)</u>
Sub-total	<u>(417)</u>	<u>(477)</u>
Net fee and commission income	<u>19,285</u>	<u>39,726</u>

The Company's net fee and commission income mainly consisted of non-interest income received by the Company for referral of retail customers to commercial banks or other financial institutions and provision of loan-related services. The Company's net fee and commission income for the six months ended 30 June 2021 amounted to RMB19.3 million, representing a decrease of 52% as compared to RMB39.7 million in the same period of 2020. The decrease in relevant income was because the Company focused on developing joint loans business during the period which resulted in reduction of referrals of customers to other financial institutions as well as the decrease in the Company's loan portfolio.

2. Other net income: In the first half of 2021, the Company's other net income amounted to approximately RMB0.8 million (for the six months ended 30 June 2020: RMB9.8 million).

Operating Expenses

The Company's operating expenses comprise staff cost, depreciation, amortization and other expenses. For the six months ended 30 June 2021, the Company's operating expenses amounted to approximately RMB55 million in aggregate, which remained flat as compared to approximately RMB55 million for the same period of 2020.

Impairment Loss

The Company has adopted the HKFRS 9 Expected Credit Loss Model to categorise the risk assets of the Company into three stages. For the six month ended 30 June 2021, the total provision of impairment loss amounted to approximately RMB475 million (for the six month ended 30 June 2020: RMB91 million). The determination of loss allowances using the expected credit loss model is subject to a number of key parameters and assumptions, including the identification of loss stages, estimates of probability of default, loss given default, exposures at default and discount rate, and adjustments for forward-looking information. Based on the Company's assessment and taking into account the negative impact on repayment capabilities of some of its customers resulting from the COVID-19 pandemic, certain loans and other assets amounting to approximately RMB2.552 billion is considered having a significant increase in credit risk since initial recognition and should be classified as the second loss stage under the HKFRS 9 Expected Credit Loss Model; and certain loans and other assets amounting to approximately RMB0.566 billion is considered credit-impaired and should be classified as the third loss stage. As the provision ratios for second and third loss stages are higher

than that for the first loss stage, the Company applied a higher overall provision ratio on the loans and receivables balances as at 30 June 2021 and recorded an increase in allowances for impairment losses. For further details, please refer to the table set out below:

	For the six months ended	
	30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loans and advances to customers	441,371	88,461
Finance lease receivables	(587)	2,849
Bills receivable	13,370	—
Other assets	20,409	—
	<hr/>	<hr/>
Total	<u>474,563</u>	<u>91,310</u>

Net Loss

For the six months ended 30 June 2021, the Company recorded a net loss of approximately RMB260 million. The Company recorded a net profit of approximately RMB143 million in the same period of 2020.

Cash and Deposits with Central Bank

As at 30 June 2021, the Company's cash and deposits with central bank amounted to approximately RMB6 million (as at 31 December 2020: RMB5 million). The deposits with central bank mainly comprise statutory deposit reserves and surplus deposit reserves. In accordance with the rules set by the People's Bank of China, the Company deposited 6% of the guarantee deposits and deposits from Shareholders to the statutory deposit reserves.

Deposits with Banks

As at 30 June 2021, deposits with banks amounted to approximately RMB219 million, representing an increase of 143% as compared to approximately RMB90 million as at 31 December 2020. It is mainly due to the receipt of the loan repayment from customers by the Company.

Loans and Advances to Customers

As of 30 June 2021, net loans and advances to customers amounted to approximately RMB4.11 billion, representing a decrease of 29% as compared to approximately RMB5.75 billion at the end of 2020. The Company's loan business mainly consists of auto loan business, among which, the gross balance of retail loans amounted to approximately RMB2.37 billion, representing a decrease of 34% as compared to approximately RMB3.56 billion at the end of 2020, while the gross balance of dealer's loans amounted to approximately RMB2.58 billion, which remained flat as compared to approximately RMB2.58 billion as at 31 December 2020.

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Retail loans	2,368,797	3,563,067
Dealer's loans	2,581,294	2,581,294
Gross loans and advances to customers	4,950,091	6,144,361
Accrued interest	57,227	58,581
Less: Allowances for impairment loss	(895,709)	(451,667)
Net loans and advances to customers	<u>4,111,609</u>	<u>5,751,275</u>

Placements from Banks

The Company's placements from banks as at 30 June 2021 were approximately RMB0.94 billion, representing a decrease of 54% as compared to approximately RMB2.03 billion at the end of 2020, which was in line with the decrease in loan scale.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity requirements are mainly satisfied by share capital, placements from commercial banks and proceeds from loan products and services, which provided strong financial support to the Company's loans business. As at 30 June 2021, the Company's deposits with banks amounted to approximately RMB220 million, representing an increase of 143% as compared to approximately RMB90 million as at the end of 2020. The Company's placements from banks amounted to approximately RMB0.94 billion, representing a decrease of 54% as compared to approximately RMB2.03 billion as at the end of 2020. The Company's total facilities were over RMB1.416 billion and unutilised balance was over RMB484 million.

The Company's capital adequacy ratio increased from 59.37% as at 31 December 2020 to 64.34% as at 30 June 2021.

	As at 30 June 2021	As at 31 December 2020
Core tier-one capital adequacy ratio	63.38%	58.38%
Tier-one capital adequacy ratio	63.38%	58.38%
Capital adequacy ratio	64.34%	59.37%
Liquidity ratio	215.71%	88.58%
Gearing ratio	23.39%	35.16%

Note: Gearing ratio = (Total liabilities/total assets) x 100%.

FOREIGN EXCHANGE RISK

As the Company carries out its business primarily in mainland China and settles in Renminbi, there are no material foreign exchange risks. As at 30 June 2021, the Company had certain deposits with banks and other liabilities denominated in foreign currencies with a net position of approximately RMB37.0 million. The foreign exchange risk is considered to be low.

MATERIAL ACQUISITION OR DISPOSAL OF ASSETS

During the six months ended 30 June 2021, there was no material acquisition and disposal of the Company's material assets.

SIGNIFICANT INVESTMENT

As at 30 June 2021, the Company did not hold any significant investment in equity interest in any company.

CHARGES ON ASSETS

The Company has charged its assets as the security for bank financings to be used as working capital for daily operations. As at 30 June 2021, the Company's assets charged amounted to approximately RMB1,324.08 million (31 December 2020: RMB2,357.21 million).

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2021, the Company did not have any plans for material investments and capital assets.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 30 June 2021, the Company had 194 employees in total, and most of the employees were located in the PRC. The Company has a team of highly educated and talented individuals. As at 30 June 2021, approximately 94.8% of the Company's employees held a bachelor's degrees or above, and 18% held a master's degree or above. For the six months ended 30 June 2021, total staff costs of the Company amounted to approximately RMB29.6 million (for the six months ended 30 June 2020: RMB32.8 million).

The Company endeavored to create a competitive and fair system for compensation and welfare, by adjusting employees' remuneration and benefits based on their business performance on an annual basis. The Company has been constantly improving its policies on remuneration and incentives and has also refined the long-term incentive scheme for employees and optimized the remuneration structure thereof to link employees' benefits to the overall business operation, for the purpose of enhancing employees' loyalty.

Apart from taking into account the advice from the remuneration and evaluation committee of the Board and the market levels, the Company also considers the respective competency, contributions and the responsibilities towards the Company in determining the level of remuneration for the Directors.

SIGNIFICANT LITIGATION AND ARBITRATION

During the six months ended 30 June 2021, there was no litigation and arbitration which had a significant impact on the operating activities of the Company.

CONTINGENT LIABILITIES

The Company did not have any material contingent liabilities as at 30 June 2021.

CORPORATE DEVELOPMENT STRATEGY AND OUTLOOK

During the second half of 2021, facing the rapidly changing market environment, the Company will provide more flexible, diverse, and innovative financial services by closely observing the market situation. The Company will promote its business with the use of new technologies as well as under risk control to support the development of the real economy of the automobile industry. The Company plans to continue to implement the following measures in the second half of 2021:

Firstly, it will make further dedication to the business of manufacturers and improve market penetration rate. It will strengthen the motivation of channel cooperation through professional training and in-store counseling, etc. Particularly, in the face of the rising trend of new energy vehicles, the Company will extensively explore cooperation opportunities with relevant car brands and seek financing opportunities along the new energy vehicle industry chain in order to provide for new business growth brought about by the upgrading of the consumer industry in the future.

Secondly, in terms of technology and finance, it will proactively develop online intelligent financial service technologies such as client-side financial applications, mini program of WeChat and public accounts of WeChat. Meanwhile, it will continue to expand third-party financial system interface aiming at carrying out utilitarian functions such as online advertising, automation of approval, agreement execution and loan disbursement processes and facilitation of repayment as well as improving user experience, enhancing product offerings and satisfying service demands.

INTERIM DIVIDEND

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted its own code of conduct regarding securities transaction by the Directors and the Supervisors on terms no less exacting than the required standard in the Model Code. The Company has made specific enquiries to all the Directors and Supervisors and they have confirmed that each of them has complied with the above-mentioned code during the six months ended 30 June 2021.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and enhance the corporate value and accountability of the Company. The Company has adopted the code provisions as set out under the Corporate Governance Code.

For the six months ended 30 June 2021, the Company has complied with all code provisions of the Corporate Governance Code.

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

During the six months ended 30 June 2021, the Company did not purchase, sell or redeem any of the Company's listed securities.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Potential disposal of the Company's shares by ZhengTong

The Company announced on 3 February 2021 that, as informed by ZhengTong, ZhengTong was in discussion with the Potential Purchaser regarding, amongst others, the Potential Disposal. As announced by the Company on 5 July and 5 August 2021, as far as the Company is aware, no decision has been made on whether to proceed with the Potential Disposal, no formal agreements have been entered into in respect of the Potential Disposal, and the discussion and negotiation were still in progress, therefore the Potential Disposal may or may not proceed.

Potential disposal of ZhengTong's shares by its controlling shareholder

The Company announced on 20 October 2020 that, as informed by ZhengTong, on 19 October 2020, the controlling shareholder of ZhengTong, i.e. Joy Capital Holdings Limited (“Joy Capital”) and Mr. Wang Muqing entered into a sale and purchase agreement (the “SPA”) with Xiamen Xindeco Ltd. (廈門信達股份有限公司) (“Xindeco”, as buyer). Pursuant to the SPA, Joy Capital conditionally agreed to sell and Xindeco conditionally agreed to purchase shares carrying 29.9% of the voting rights of the total issued shares of ZhengTong at a consideration of HK\$1,403,371,394 (the “Transaction”).

The Company further announced on 1 August 2021 that, the Company was informed by ZhengTong that upon negotiations between the parties, Xindeco had withdrawn from the Transaction and on 30 July 2021, Joy Capital entered into a supplemental sale and purchase agreement (the “Supplemental Agreement”) with the original parties and 廈門國貿控股集團有限公司 (Xiamen ITG Holding Group Co., Ltd.) (the “New Purchaser”) whereby the parties agreed (among other things) that the New Purchaser shall enjoy all such rights and assume all such obligations of Xindeco under the SPA and the number of shares of ZhengTong to be transferred under the SPA has been adjusted to 820,618,184 (representing 29.9% of the entire issued share capital of ZhengTong as at the date of the Supplemental Agreement), at a total consideration of HK\$1,427,875,640.16. The completion of the Transaction is subject to fulfillment or waiver (as the case may be) of the conditions precedent set out in the SPA (as amended by the Supplemental Agreement), and the Transaction may or may not proceed. Please refer to the Company's announcement dated 1 August 2021 for further details. As far as the Company is aware, the Transaction is still in process.

REVIEW OF ACCOUNTS

As at the date of this announcement, the audit committee of the Board (the “Audit Committee”) comprises two independent non-executive Directors, namely Mr. Wong Man Chung Francis (chairman) and Ms. Liang Yanjun. The unaudited interim financial statements of the Company for the six months ended 30 June 2021 have been reviewed by the Company’s auditor, KPMG, Certified Public Accountants, in accordance with Hong Kong Standards 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.

The Audit Committee has reviewed the unaudited interim financial statements of the Company for the six months ended 30 June 2021. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management and KPMG. Based on the review and discussions with the management, the Audit Committee was satisfied that the Company’s unaudited interim financial statements were prepared in accordance with applicable accounting standards and fairly present the Company’s financial position and results for the period under review.

Following the resignation of Mr. Lin Zheyang as an independent non-executive Director on 30 June 2020, the Company has been actively identifying suitable candidate(s) with a view to fill the vacancies on the Board and the Audit Committee as soon as practicable. As approved by the Shareholders during the annual general meeting of the Company held on 26 May 2021, Professor Qin Zheng (“Professor Qin”) was elected as an independent non-executive Director. The appointment of Professor Qin as an independent non-executive Director is subject to the approval by the CBIRC on his qualification as the Director. The term of office of Professor Qin will commence from the date of approval by the CBIRC and end on the expiring of the second session of the Board. The Company is endeavoring to complete the appointment process.

PUBLICATION OF INTERIM RESULTS

This interim results announcement is published on the Company’s website at www.dongzhengafc.com and the website of the Stock Exchange at www.hkexnews.hk. The interim report of the Company for the six months ended 30 June 2021 will be published on the aforesaid websites and despatched to the Shareholders in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the management and employees for their diligence and contribution, and would also like to thank the Shareholders and business associates for their strong support to the Company.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“CBIRC”	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CBIRC Shanghai Office”	the Shanghai Office of the CBIRC
“Company”	Shanghai Dongzheng Automotive Finance Co., Ltd*. (上海東正汽車金融股份有限公司), a joint stock company incorporated in the PRC with limited liability and whose H Shares are listed on the Stock Exchange (stock code: 2718)
“Corporate Governance Code”	the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
“H Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules

“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC GAAP”	the accounting principles generally accepted in the PRC
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the share capital of the Company, including Domestic Shares, Unlisted Foreign Shares and H Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Unlisted Foreign Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and held by persons other than PRC nationals or PRC-incorporated entities and are not listed on any stock exchange
“ZhengTong”	China ZhengTong Auto Services Holdings Limited (中國正通汽車服務控股有限公司), a controlling shareholder of the Company, a company incorporated on 9 July 2010 as an exempted company with limited liability under the laws of the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange (stock code: 1728)
“%”	per cent.

By Order of the Board
Shanghai Dongzheng Automotive Finance Co., Ltd.*
Lin Fan
Chairman

Shanghai, 27 August 2021

As of the date of this announcement, the Board comprises Mr. Lin Fan and Mr. Shao Yongjun as executive Directors; Mr. Koh Tee Choong and Mr. Li Guozhou as non-executive Directors; and Mr. Wong Man Chung Francis and Ms. Liang Yanjun as independent non-executive Directors.

* For identification purposes only