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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 2020**

RESULTS HIGHLIGHTS

For the six months ended 30 June 2020:

- Net interest income increased by approximately 30.1% to approximately RMB289 million
- Operating income decreased by approximately 12.5% to approximately RMB338 million
- Profit and total comprehensive income decreased by approximately 29.3% to approximately RMB143 million

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 2020, together with the comparative figures for the corresponding period in 2019, which shall be read in conjunction with the management discussion and analysis below.

**UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the six months ended 30 June 2020 — unaudited

(Express in thousands of Renminbi, unless otherwise stated)

		Six months ended 30 June	
	<i>Note</i>	2020	2019
		(unaudited)	(unaudited)
		RMB'000	RMB'000
Interest income		443,351	465,387
Interest expenses		<u>(154,565)</u>	<u>(243,389)</u>
Net interest income	<i>3</i>	<u>288,786</u>	<u>221,998</u>
Fee and commission income		40,203	128,925
Fee and commission expenses		<u>(477)</u>	<u>(691)</u>
Net fee and commission income	<i>4</i>	<u>39,726</u>	<u>128,234</u>
Other net income	<i>5</i>	<u>9,828</u>	<u>36,601</u>
Operating income		338,340	386,833
Operating expenses		<u>(55,582)</u>	(69,185)
Impairment losses		<u>(91,310)</u>	(47,546)
Finance costs		<u>(1,025)</u>	(781)
Profit before taxation	<i>6</i>	190,423	269,321
Income tax	<i>7</i>	<u>(47,702)</u>	<u>(67,465)</u>
Profit and total comprehensive income for the period		<u>142,721</u>	<u>201,856</u>
Earnings per share			
Basic and diluted (<i>RMB</i>)	<i>8</i>	<u>0.07</u>	<u>0.11</u>

UNAUDITED STATEMENT OF FINANCIAL POSITION*At 30 June 2020 — unaudited**(Express in thousands of Renminbi, unless otherwise stated)*

		At 30 June 2020 (unaudited) <i>RMB'000</i>	At 31 December 2019 (audited) <i>RMB'000</i>
Assets			
Cash and deposits with central bank	9	9,556	9,479
Deposits with banks	10	177,391	126,524
Loans and advances to customers	11	8,151,015	10,004,153
Finance lease receivables	12	32,821	52,001
Property and equipment	13	34,398	40,532
Intangible assets	14	13,458	16,512
Deferred tax assets		41,877	54,852
Other assets	15	40,857	23,990
Total assets		8,501,373	10,328,043
Liabilities			
Placements from banks	16	4,057,335	5,891,421
Guarantee deposits	17	154,736	156,845
Lease liabilities	18	27,875	32,388
Current taxation		30,456	70,961
Other liabilities	19	78,675	166,853
Total liabilities		4,349,077	6,318,468
NET ASSETS		4,152,296	4,009,575
CAPITAL AND RESERVES			
Share capital	20(b)	2,139,651	2,139,651
Reserves	20(c)	2,012,645	1,869,924
TOTAL EQUITY		4,152,296	4,009,575

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Express 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 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual financial statements. Details of any changes in the accounting policies are set out in note 2.

2 CHANGES IN ACCOUNTING POLICIES

The Company has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Impacts of the adoption of the above amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic (“COVID-19-related rent concessions”) are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

None of the above amendments has had a material effect on how the Company’s results and financial position for current or prior periods have been prepared or presented in these interim financial statements.

3 NET INTEREST INCOME

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income arising from		
Loans and advances to customers	439,960	453,222
Finance lease receivables	1,937	4,184
Deposits with central bank and other banks	1,454	7,981
	<u>443,351</u>	<u>465,387</u>
Sub-total	----- 443,351	----- 465,387
Interest expenses arising from		
Placements from banks	(154,565)	(243,256)
Deposits from shareholders	—	(133)
	<u>(154,565)</u>	<u>(243,389)</u>
Sub-total	----- (154,565)	----- (243,389)
Net interest income	<u>288,786</u>	<u>221,998</u>

4 NET FEE AND COMMISSION INCOME

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Fee and commission income arising from		
Joint loan services	28,303	33,772
Consulting services	5,993	90,962
Others	5,907	4,191
	<u>40,203</u>	<u>128,925</u>
Sub-total	----- 40,203	----- 128,925
Fee and commission expenses arising from		
Commission fees	—	(221)
Others	(477)	(470)
	<u>(477)</u>	<u>(691)</u>
Sub-total	----- (477)	----- (691)
Net fee and commission income	<u>39,726</u>	<u>128,234</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	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Government grants	(a)	12,148	—
Net exchange (losses)/gains		(2,558)	36,434
Others		238	167
Total		9,828	36,601

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

6 PROFIT BEFORE TAXATION

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

(a) Staff costs

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses and allowances	29,212	34,337
Other social welfare	2,403	3,511
Contributions to pension schemes	1,149	3,963
Total	32,764	41,811

(b) Impairment losses

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Loans and advances to customers	88,461	50,525
Finance lease receivables	2,849	(2,979)
Total	91,310	47,546

(c) Other items

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation and amortisation		
— right-of-use assets	4,658	4,344
— intangible assets	3,222	2,083
— property and equipment	1,613	2,195
Tax and surcharges	4,755	3,934
Maintenance fees	1,619	343
Legal consultancy	1,479	952
Travel expenses	316	1,155
Office expenses	190	630
Expense relating to short-term leases	69	220
Listing expenses	—	9,207
Others	4,897	2,311
	<hr/>	<hr/>
Sub-total	22,818	27,374
Finance cost	1,025	781
	<hr/>	<hr/>
Total	23,843	28,155

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

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax		
Provision for the period	34,870	48,986
Over-provision in respect of prior years	(143)	—
	<hr/>	<hr/>
Sub-total	34,727	48,986
Deferred tax		
Origination of temporary differences	12,975	18,479
	<hr/>	<hr/>
Total	47,702	67,465

8 EARNINGS PER SHARE

Basic and diluted earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB142,721 thousands (six months ended 30 June 2019: RMB201,856 thousands) and the weighted average of 2,139,651 thousands ordinary shares (2019: 1,861,604 thousands ordinary shares) in issue during the interim period, which is set out as follows:

Weighted average number of ordinary shares

	Six months ended 30 June	
	2020	2019
Number of ordinary shares at 1 January (<i>in thousands</i>)	2,139,651	1,600,000
Effect of issuance of H-shares (<i>in thousands</i>)	—	261,604
	<hr/>	<hr/>
Weighted average number of ordinary shares at 30 June (<i>in thousands</i>)	<u>2,139,651</u>	<u>1,861,604</u>

There were no dilutive potential ordinary shares for the period ended 30 June 2020 or 2019. Therefore, diluted earnings per share are equivalent to basic earnings per share.

9 CASH AND DEPOSITS WITH CENTRAL BANK

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Deposits with central bank		
— Statutory deposit reserves	9,266	9,424
— Surplus deposit reserves	<u>286</u>	<u>50</u>
Sub-total	9,552	9,474
Accrued interest	<u>4</u>	<u>5</u>
Total	<u><u>9,556</u></u>	<u><u>9,479</u></u>

10 DEPOSITS WITH BANKS

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Deposits with banks	177,199	126,469
Accrued interest	<u>192</u>	<u>55</u>
Total	<u><u>177,391</u></u>	<u><u>126,524</u></u>

11 LOANS AND ADVANCES TO CUSTOMERS

(a) Analysed by nature

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Retail loans	5,621,546	7,522,352
Dealer's loans	<u>2,623,002</u>	<u>2,625,086</u>
Gross loans and advances to customers	8,244,548	10,147,438
Accrued interest	87,302	48,079
Less: Allowances for impairment losses	<u>(180,835)</u>	<u>(191,364)</u>
Net loans and advances to customers	<u><u>8,151,015</u></u>	<u><u>10,004,153</u></u>

(b) Analysed by type of collateral

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Collateralized loans	5,621,546	7,522,352
Guaranteed loans	<u>2,623,002</u>	<u>2,625,086</u>
Gross loans and advances to customers	8,244,548	10,147,438
Accrued interest	87,302	48,079
Less: Allowances for impairment losses	<u>(180,835)</u>	<u>(191,364)</u>
Net loans and advances to customers	<u><u>8,151,015</u></u>	<u><u>10,004,153</u></u>

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

	At 30 June 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>63,818</u>	<u>21,468</u>	<u>2,818</u>	<u>—</u>	<u>88,104</u>
	At 31 December 2019				
	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>	Total <i>RMB'000</i>
Collateralized loans	<u>89,974</u>	<u>17,012</u>	<u>12,800</u>	<u>3,385</u>	<u>123,171</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 2020, there was no overdue guaranteed loan (as at 31 December 2019: Nil).

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

	At 30 June 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)	8,243,681	54,574	33,595	8,331,850
Less: Allowances for impairment losses	<u>(132,931)</u>	<u>(15,802)</u>	<u>(32,102)</u>	<u>(180,835)</u>
Net loans and advances to customers	<u>8,110,750</u>	<u>38,772</u>	<u>1,493</u>	<u>8,151,015</u>

	At 31 December 2019			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	for not credit-	for not credit-	for credit-	
	impaired	impaired	impaired	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Gross loans and advances to customers (including accrued interest)	10,072,109	78,175	45,233	10,195,517
Less: Allowances for impairment losses	<u>(112,932)</u>	<u>(38,459)</u>	<u>(39,973)</u>	<u>(191,364)</u>
Net loans and advances to customers	<u>9,959,177</u>	<u>39,716</u>	<u>5,260</u>	<u>10,004,153</u>

12 FINANCE LEASE RECEIVABLES

	At	At
	30 June	31 December
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Minimum finance lease receivables	43,808	60,577
Less: Unearned finance lease income	<u>(3,005)</u>	<u>(3,443)</u>
Present value of finance lease receivables	40,803	57,134
Less: Allowances for impairment losses	<u>(7,982)</u>	<u>(5,133)</u>
Total	<u>32,821</u>	<u>52,001</u>

13 PROPERTY AND EQUIPMENT

	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 2019	3,597	1,032	7,060	33,918	45,607
Additions	488	50	7,367	15,386	23,291
At 31 December 2019	4,085	1,082	14,427	49,304	68,898
Additions	288	—	1	—	289
Disposal for lease	—	—	—	(179)	(179)
At 30 June 2020	<u>4,373</u>	<u>1,082</u>	<u>14,428</u>	<u>49,125</u>	<u>69,008</u>
Accumulated depreciation:					
At 1 January 2019	(1,442)	(557)	(4,577)	(10,618)	(17,194)
Charge for the year	(734)	(199)	(1,630)	(8,609)	(11,172)
At 31 December 2019	(2,176)	(756)	(6,207)	(19,227)	(28,366)
Charge for the period	(370)	(86)	(1,157)	(4,658)	(6,271)
Disposal for lease	—	—	—	27	27
At 30 June 2020	<u>(2,546)</u>	<u>(842)</u>	<u>(7,364)</u>	<u>(23,858)</u>	<u>(34,610)</u>
Net book value:					
At 30 June 2020	<u>1,827</u>	<u>240</u>	<u>7,064</u>	<u>25,267</u>	<u>34,398</u>
At 31 December 2019	<u>1,909</u>	<u>326</u>	<u>8,220</u>	<u>30,077</u>	<u>40,532</u>

14 INTANGIBLE ASSETS

	Computer software RMB'000
Cost:	
At 1 January 2019	30,185
Additions	<u>7,643</u>
At 31 December 2019	37,828
Additions	<u>168</u>
At 30 June 2020	<u>37,996</u>
Accumulated amortisation:	
At 1 January 2019	(14,828)
Charge for the year	<u>(6,488)</u>
At 31 December 2019	(21,316)
Charge for the period	<u>(3,222)</u>
At 30 June 2020	<u>(24,538)</u>
Net book value:	
At 30 June 2020	<u><u>13,458</u></u>
At 31 December 2019	<u><u>16,512</u></u>

15 OTHER ASSETS

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Prepayments	18,254	3,845
Other receivables	14,414	12,570
Interest receivables	7,645	7,300
Others	544	275
Total	40,857	23,990

16 PLACEMENTS FROM BANKS

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Placements from banks	4,039,720	5,848,488
Accrued interest	17,615	42,933
Total	4,057,335	5,891,421

17 GUARANTEE DEPOSITS

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Deposits provided by dealers for dealer's loans	135,685	135,585
Deposits from finance lease clients	13,821	15,005
Deposits provided by dealers for retail business	5,230	6,255
Total	154,736	156,845

18 LEASE LIABILITIES

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

	At 30 June 2020		At 31 December 2019	
	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>9,288</u>	<u>10,881</u>	8,982	<u>10,887</u>
After 1 year but within 2 years (inclusive)	10,135	11,079	9,775	11,053
After 2 years but within 3 years (inclusive)	7,024	7,345	9,419	10,023
More than 3 years	<u>1,428</u>	<u>1,444</u>	<u>4,212</u>	<u>4,332</u>
	<u>18,587</u>	<u>19,868</u>	<u>23,406</u>	<u>25,408</u>
	<u>27,875</u>	<u>30,749</u>	<u>32,388</u>	<u>36,295</u>
Less: total future interest expenses		<u>(2,874)</u>		<u>(3,907)</u>
Present value of lease liabilities		<u>27,875</u>		<u>32,388</u>

19 OTHER LIABILITIES

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Other payables	77,853	165,881
Advance receipts	<u>822</u>	<u>972</u>
Total	<u>78,675</u>	<u>166,853</u>

20 CAPITAL AND RESERVES

(a) Dividends

Dividends paid to equity shareholders of the Company attributable to the period:

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interim dividend propose after interim period (six months ended 30 June 2019: RMB0.08 per share)	—	171,172

(b) Share capital

On 3 April 2019, the H-shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited, pursuant to which 533,336 thousands ordinary shares of RMB1.00 each were issued at the price of HK\$3.06 per share by the Company. The gross proceeds from the issue of these H-shares amounted to HK\$1,632,008 thousands (equivalent to approximately RMB1,397,081 thousands). The premium arising from the issuance of H-shares upon public offering amounted to RMB760,080 thousands was recorded in capital reserve.

On 25 April 2019, the over-allotment option granted by the Company was partially exercised, pursuant to which 6,315 thousands ordinary shares of RMB1.00 each were issued at the price of HK\$3.06 per share by the Company. The gross proceeds from the issue of these shares amounted to HK\$19,325 thousands (equivalent to approximately RMB16,589 thousands). The premium arising from the issuance of shares upon over-allotment amounted to RMB9,437 thousands was recorded in capital reserve.

(c) Nature and purpose of reserves

(i) Capital reserve

On 3 April 2019, the Company issued 533,336 thousands new H-shares by way of initial public offering. On 25 April 2019, the Company issued 6,315 thousands new H-shares by way of over-allotment. The premium arising from the issuance of H-shares upon public offering and over-allotment amounted to RMB760,080 thousands and RMB9,437 thousands, respectively, was recorded in capital reserve.

(ii) 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.

(iii) 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 2020 amounted to RMB156,047 thousands (2019: RMB156,047 thousands), which has reached the requirement.

(d) 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.

There were no changes in the Company's approach to capital management during the reporting period.

21 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 2020			
	Retail Business RMB'000	Dealer's loan Business RMB'000	Others RMB'000	Total RMB'000
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	122,095	57,046	11,282	190,423
Other segment information				
— Depreciation and amortisation	6,902	2,591	—	9,493
	At 30 June 2020			
	Retail Business RMB'000	Dealer's loan Business RMB'000	Others RMB'000	Total RMB'000
Reportable segment assets/total assets	5,525,720	2,677,307	298,346	8,501,373
Reportable segment liabilities/total liabilities	(3,386,317)	(868,762)	(93,998)	(4,349,077)

	Six months ended 30 June 2019			
	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	189,050	24,967	7,981	221,998
Net fee and commission income	128,234	—	—	128,234
Other net income	—	—	36,601	36,601
Operating income	317,284	24,967	44,582	386,833
Operating expenses	(62,889)	(6,296)	—	(69,185)
Impairment losses	(40,805)	(6,741)	—	(47,546)
Finance costs	(710)	(71)	—	(781)
Profit before taxation	<u>212,880</u>	<u>11,859</u>	<u>44,582</u>	<u>269,321</u>
Other segment information				
— Depreciation and amortisation	<u>7,837</u>	<u>785</u>	<u>—</u>	<u>8,622</u>
	At 31 December 2019			
	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	7,419,766	2,653,217	255,060	10,328,043
Reportable segment liabilities/total liabilities	<u>(4,894,400)</u>	<u>(1,203,270)</u>	<u>(220,798)</u>	<u>(6,318,468)</u>

(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.

22 CONTINGENCIES

The Company did not have any material contingent liabilities at the end of the reporting period.

23 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Pledge of loans and advances to customers

On 1 July 2020, the Company signed a pledge contract with Bank of Shanghai Co., Ltd. (“Bank of Shanghai”). According to the contract, the Company has pledged its retail loans amounting to RMB1.5 billion as collateral to certain placements from Bank of Shanghai to the Company.

Potential disposal of parent company’s shares by its controlling shareholder

On 30 July 2020, China ZhengTong Auto Services Holding Limited (“the parent company”) announced that it was informed by Joy Capital Holdings Limited (“Joy Capital”), the controlling shareholder of the parent company, which holds 1,383,516,820 shares of the parent company (representing approximately 51.29% of the total issued shares of the parent company as at 30 July 2020), that on 29 July 2020, Joy Capital entered into a memorandum of understanding (the “MOU”) with Xiamen ITG Holding Group Co., Ltd (“ITG Holding”), an independent third party, pursuant to which Joy Capital intends to sell, and ITG Holding intends to purchase, approximately 29.9% interests of the parent company, subject to formal agreement to be signed by Joy Capital and ITG Holding.

The MOU is not legally binding, save for the provisions regarding confidentiality, exclusivity, enforceability, governing law and arbitration. The MOU shall be effective from the date of the MOU and shall automatically terminate on 1 October 2020 if no legally binding agreement is entered into and the parties do not agree to further extend the term of the MOU.

Except for the above, the Company has no material events for disclosure subsequent to 30 June 2020 and up to the date of approval of these interim financial statements.

24 COMPARATIVE FIGURES

For disclosure purposes of these interim financial statements, the Company made reclassification adjustments to some comparative figures.

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 (i) retail loan business, where the Company provides retail loans, direct leasing products and other financial services to the end customers, major customers and corporate clients who wish to purchase vehicles; and (ii) dealer loan business, where the Company provides dealers with inventory financing to facilitate the procurement and sale of vehicles to end customers.

In the first half of 2020, the outbreak of the COVID-19 pandemic and subsequent national lockdown in China brought changes and challenges to all sectors with the automobile industry being stagnant for a period of time. Due to the consumption promotion policies launched since the easing of the COVID-19 pandemic in the second quarter of 2020, the passenger vehicles market has gradually recovered. According to the China Association of Automobile Manufacturers, in the first half of 2020, the production and sales volume of passenger vehicles in China amounted to 7.75 million and 7.87 million units, representing a year-on-year decrease of 22.3% and 22.3%, respectively.

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 2020, there are 25 (31 December 2019: 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 service to customers. In addition to self-operated products through conventional financing channels such as inter-bank lending and banking facilities leveraging on our 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 and maintain steady growth in asset scale.

Due to the outbreak of the COVID-19 pandemic, consumer's consumption demand for passenger vehicle purchase has substantively lowered and new loans disbursed by the Company has decreased in the first half of 2020 comparing with the corresponding period of 2019. The Company's loan portfolio decreased by 18.5% to RMB8.15 billion as at 30 June 2020 from RMB10.00 billion as at 31 December 2019. For the six months ended 30 June 2020, the Company's net interest income amounted to RMB289 million, representing an increase of 30.1% as compared to the same period of 2019. The Company's operating income amounted to RMB338 million, representing a decrease of 12.5% as compared to the same period last year. The Company recorded a net profit of RMB143 million in the first half of 2020, representing a decrease of 29.3% as compared to the net profit of RMB202 million for the same period of 2019. Notwithstanding the

increase in net interest income, the decrease in profit is mainly attributable to (i) the increase in the Company's allowances for impairment losses relating to its loans and advances to customers and finance lease receivables due to the negative impact of the pandemic on repayment capabilities of some of its customers; and (ii) the reduction in fee and commission income as a result of the adjustment made by the Company in its arrangements for collecting service fees from customers since 2019.

During the period, the Company operated and optimised its dealer network, including 4S dealership channels under ZhengTong and external dealer network. The Company extended its business network to more than 900 partnership-based dealers in more than 180 cities in China. Furthermore, by focusing on sales to middle and high-end brands, these sales channels keep abreast with customers base of consumption upgrade demographic. The strengths of the sales network and reasonably established market presence enable the Company to introduce good user experience and services to the consumers.

	As at 30 June 2020	As at 31 December 2019
Number of sales networks	923	913
Including: ZhengTong dealers	118	118
External dealers	805	795

During the period, total amount of loans disbursed by the Company was RMB3.785 billion, representing a decrease of 48.7% as compared to that of the same period of 2019. In terms of retail loans, the Company disbursed a total of 1,686 retail loans throughout the first half of 2020, representing a decrease of 89.7% as compared to that of the same period of 2019. Among them, 1,496 were disbursed to ZhengTong clients and 190 were disbursed to external clients. The decrease was mainly due to the pandemic which has substantively lowered consumer's consumption demand for passenger vehicle purchase as well as the Company being more cautious in granting new loans.

The Company's net fee and commission income mainly consists 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 2020 amounted to approximately RMB40 million, representing a decrease of 69% as compared to that of RMB128 million for the same period of 2019. This was mainly due to the lower income from consultancy services as a result of the adjustment made by the Company in its arrangements for collecting service fees from customers in response to changes in the market operating environment.

In terms of dealer loan business, as at 30 June 2020, the loan balance of RMB2.62 billion remained stable as compared to that at the end of 2019. For the six months ended 30 June 2020, the Company's average yield of dealer loan was 10.02% (for the six months ended 30 June 2019: 8.79%).

	As at/For the six months ended 30 June	
	2020	2019
Amount of loans disbursed (RMB million)	3,785	7,377
Number of self-operated retail loan disbursed	1,686	16,436
Including: Standard self-operated loans	1,516	12,266
Joint loans	170	4,170
Including: ZhengTong customers	1,496	11,227
External customers	190	5,209
Gross outstanding loan balance (RMB million) (before adjustment)	8,313	10,311
Including: Retail loan	5,690	8,368
Dealer loan	2,623	1,943

For the purposes of risk management, in the first half of 2020, the Company has established risk control policies and management system targeted to different business scenarios, achieving comprehensive risk identification and control in respect of various business scenarios. By revising the criteria of customers and dealers admission with a focus on credit risk prevention and operation risk management, the Company continuously strengthened the application of big data tools for risk control to the operation and management of credit approval, disbursement review and post-loan collection. In addition, by incorporating the big data tools into staff training and assessment mechanism, the Company consolidated comprehensive risk management, operation management and other related systems and procedures. In the second half of the year, the Company will upgrade and optimise the automated approval tool, so as to ensure continuous monitoring and control on the capability of identifying risks from customers and provide a strong guarantee for the Company's loan business.

In terms of loan quality, the Company's balance of non-performing loans as of 30 June 2020 was RMB34 million, representing a decrease of 25.6% as compared to that of RMB45 million at the end of 2019. As of 30 June 2020, the Company's non-performing loan ratio was 0.41%, the loan provision rate was 2.19%, and the provision coverage ratio was 538.28%. The Company shall proactively monitor the status of customers and implement additional measures to enhance debt collection.

	As at 30 June 2020	As at 31 December 2019
Non-performing loan (NPL) ratio (60+)	0.41%	0.44%
Loan provision rate	2.19%	1.89%
Provision coverage ratio	538.28%	423.97%

Financial Review

Net Interest Income

The Company's net interest income increased by 30.1% from approximately RMB222 million for the six months ended 30 June 2019 to 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 2020 and 2019.

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income		
Loans and advances to customers	439,960	453,222
Deposits with central bank and other banks	1,454	7,981
Finance lease receivables	1,937	4,184
	<u>443,351</u>	<u>465,387</u>
Interest expenses		
Placements from banks	(154,565)	(243,256)
Deposits from shareholders	—	(133)
	<u>(154,565)</u>	<u>(243,389)</u>
Net interest income	<u>288,786</u>	<u>221,998</u>

- Interest income: For the six months ended 30 June 2020, the Company recorded an interest income of approximately RMB443 million, representing a decrease of 4.7% as compared to approximately RMB465 million in the same period of 2019. The decrease in interest income was mainly due to reduction of loan portfolio by RMB1.85 billion. During the period, the average yield of retail loans was 9.52%, which remained stable as compared to the same period of 2019, while the average yield of dealer loans increased to 10.02% from 8.79% in the same period of 2019.

	For the six months	
	ended 30 June	
	2020	2019
	%	%
Net interest margin	6.03	4.16
Average yield of loans and advances to customers	9.66	9.68
Including: average yield of retail loans	9.52	9.81
average yield of dealer loans	10.02	8.79

- Interest expenses: Interest expenses of the Company decreased from RMB243 million for the six months ended 30 June 2019 to approximately RMB155 million for the six months ended 30 June 2020, mainly due to the decrease in borrowings resulting from the reduction in loan portfolio. As of 30 June 2020, the Company's outstanding balance of placements from banks was RMB4.06 billion (as at 30 June 2019: RMB7.52 billion), with average cost of interest-bearing liabilities of 6.10% (for the six months ended 30 June 2019: 6.76%).

	For the six months	
	ended 30 June	
	2020	2019
	%	%
Average cost of interest-bearing liabilities	6.10	6.76
Average cost of additional new interest-bearing liabilities	6.31	6.23

Non-interest Income

For the six months ended 30 June 2020, the Company received non-interest income of approximately RMB50 million, representing a decrease of 70.0% as compared to that of RMB165 million for the same period of 2019.

1. Net fee and commission income: Net fee and commission income of the Company for the six months ended 30 June 2020 was RMB40 million. Set forth below is a detailed breakdown:

	For the six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Fee and commission income		
Consulting services	5,993	90,962
Joint loan services	28,303	33,772
Others	5,907	4,191
	<hr/>	<hr/>
Sub-total	40,203	128,925
	<hr/>	<hr/>
Fee and commission expenses		
Commission fees	—	(221)
Others	(477)	(470)
	<hr/>	<hr/>
Sub-total	(477)	(691)
	<hr/>	<hr/>
Net fee and commission income	39,726	128,234
	<hr/> <hr/>	<hr/> <hr/>

The Company's net fee and commission income in the first half of 2020 decreased by 69% as compared to that in 2019. This was mainly due to the decrease in income from consultancy services as a result of the adjustment made by the Company in its arrangements for collecting service fees from customers in response to the changes in the market operating environment, including the limitation and restriction imposed on the fee income for auto finance services.

2. Other net income: The Company's other net income amounted to approximately RMB10 million (for the six months ended 30 June 2019: RMB36 million), which comprised mainly of government grants of RMB12 million for the financial sector received from the People's Government of Pudong New District and foreign exchange losses of approximately RMB3 million.

Operating Expenses

For the six months ended 30 June 2020, the Company's operating expenses amounted to RMB55 million, representing a decrease of RMB14 million as compared to RMB69 million for the same period of 2019, which was mainly due to absence of one-off listing expenses during the reporting period and decrease in labour cost and other operating expenses as a result of the Company's cost control measures.

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 months ended 30 June 2020, total impairment loss amounted to RMB91 million (for the six months ended 30 June 2019: RMB48 million), representing an increase of 92% as compared to the same period in 2019. The increase in impairment loss is mainly due to the outbreak of the COVID-19 pandemic in early 2020 and subsequent nationwide lockdown which resulted in a negative impact on repayment capabilities of some of its customers. For details, please refer to the table set out below:

	For the six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Loans and advances to customers	88,461	50,525
Finance lease receivables	2,849	(2,979)
	<hr/>	<hr/>
Total	91,310	47,546
	<hr/> <hr/>	<hr/> <hr/>

Net Profit

For the six months ended 30 June 2020, the Company recorded a net profit of RMB143 million, representing a decrease of RMB59 million as compared to RMB202 million for same period in 2019.

Cash and Deposits with Central Bank

As at 30 June 2020, the Company's cash and deposits with central bank amounted to RMB10 million (as at 31 December 2019: RMB9 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 2020, deposits with banks amounted to RMB177 million, representing an increase of 40.2% as compared to RMB127 million as at 31 December 2019. The increase was mainly attributable to repayment of loans from certain customers prior to 30 June 2020.

Loans and Advances to Customers

As of 30 June 2020, net loans and advances to customers amounted to RMB8.15 billion, representing a decrease of 18.5% as compared to RMB10.00 billion at the end of 2019. The Company's loan business mainly comprises retail loan business and dealer loan business, among which, the gross balance of retail loans amounted to RMB5.62 billion, representing a decrease of 25.3% as compared to RMB7.52 billion at the end of 2019, while the gross balance of dealer loans amounted to RMB2.62 billion (as at 31 December 2019: RMB2.63 billion). The decrease in loan size during the period was mainly due to the outbreak of COVID-19 pandemic which substantively lowered consumer's consumption demand for vehicle purchase, and thus the demand for vehicle financing.

	As at	
	30 June 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Retail loans	5,621,546	7,522,352
Dealer's loans	<u>2,623,002</u>	<u>2,625,086</u>
Gross loans and advances to customers	8,244,548	10,147,438
Accrued interest	87,302	48,079
Less: allowances for impairment loss	<u>(180,835)</u>	<u>(191,364)</u>
Net loans and advances to customers	<u>8,151,015</u>	<u>10,004,153</u>

Placements from Banks

The Company's placements from banks as of 30 June 2020 was RMB4.06 billion, representing a decrease of 31.1% as compared to RMB5.89 billion as of 31 December 2019, which was in line with the reduction in loan size during the period.

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 of 30 June 2020, the Company's deposits with banks amounted to RMB177 million, representing an increase of 40.2% as compared to RMB127 million as at the end of 2019. The Company's placements from banks amounted to RMB4.06 billion, representing a decrease of 31.1% as compared to RMB5.89 billion as at the end of 2019. The Company established co-operations with a total of 38 banks, with total facilities of over RMB9.16 billion and an unutilised balance of over RMB5.12 billion.

The Company's capital adequacy ratio increased from 41.62% at the end of 2019 to 49.76% at 30 June 2020.

	As at	
	30 June 2020	31 December 2019
Core tier-one capital adequacy ratio	48.71%	40.54%
Tier-one capital adequacy ratio	48.71%	40.54%
Capital adequacy ratio	49.76%	41.62%
Liquidity ratio	167.41%	137.12%
Leverage ratio	47.63%	37.90%

Note: Leverage ratio = Net tier-one capital/(balance of adjusted on-balance sheet assets + adjusted off-balance sheet items)* 100%.

At the 2020 first Unlisted Foreign Share class meeting, the 2020 first Domestic Share class meeting, the 2020 first H Share class meeting and the 2020 first extraordinary general meeting of the Company held on 10 June 2020, the Shareholders approved, among others, the New H Share Issue and the H Share Full Circulation (as defined in the Company's circular dated 22 April 2020), which are subject to approval of the relevant authorities. For details, please refer to the Company's circular dated 22 April 2020.

FOREIGN EXCHANGE RISK

As the Company's business is primarily operated in mainland China and settled in Renminbi, there is no material foreign exchange risks. As at 30 June 2020, the Company had certain deposits with banks and other liabilities denominated in foreign currencies with a net position of approximately RMB18 million. The foreign exchange risk is considered to be low.

MATERIAL ACQUISITION OR DISPOSAL OF ASSETS

During the six months ended 30 June 2020, there was no material acquisition and disposal of the Company's material assets.

SIGNIFICANT INVESTMENT

As at 30 June 2020, the Company did not hold any significant investment in equity interest in any company.

CHARGES ON ASSETS

As at 30 June 2020, there were no charges on the Company's assets.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 30 June 2020, the Company did not have any plans for material investments and capital assets.

HUMAN RESOURCES AND REMUNERATION POLICIES

As of 30 June 2020, the Company had 247 employees with most of them located in the PRC. The Company has a team of highly educated and talented individuals. As of 30 June 2020, approximately 81% of the Company's employees hold a bachelor's degrees or above, and 16% hold a master's degree or above, with approximately 69% of the Company's employees are under the age of 35. For the six months ended 30 June 2020, total staff costs of the Company amounted to approximately RMB32.8 million (for the six months ended 30 June 2019: RMB41.8 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.

SIGNIFICANT LITIGATION AND ARBITRATION

During the six months ended 30 June 2020, 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 2020.

CORPORATE DEVELOPMENT STRATEGY AND OUTLOOK

The outbreak of the COVID-19 pandemic since the beginning of 2020 brought pressure on the economic environment and the auto industry in the first half of the year. The Company believes that automotive finance will play an important role in the recovery of the industry. For the second half of the year, the Company will deploy its efforts surrounding the strategy of “dedication to principle business, strategic extension, innovation and exploration”, so as to secure a speedy resumption of our normal business as well as our steady development after the pandemic.

As regards the strategy of “dedication to principle business”, the Company intends to introduce more products based on its principal business of automotive finance, including co-operations with more automobile manufacturers to offer a wider selection of auto brands to customers. In the meantime, on top of leveraging its cooperation with a network of more than 900 dealers, the Company will continue to identify quality dealers, and explore collaborations with second-hand vehicles trading platforms and direct leasing platforms, etc in order to optimise sales network, expand customer base as well as drive the growth of automotive finance business.

As regards the strategy of “strategic extension”, in addition to its internal resources and traditional financing, the Company will leverage on the resource advantages of cooperative banks to strengthen the development of joint loans business so as to rapidly promote its lending business and increase non-interest income. Also, by leveraging its status as a listed company and a CBIRC licensed corporation, the Company will continue to explore various financing channels and enhance its capital base.

The Company will continue to pursue “innovation and exploration” strategy with a focus on longer-term development plan. The Company will actively explore and innovate along the automotive industry chain by spearheading the efforts on online marketing, with an aim to break the traditional offline model of automotive finance industry. It will bring more effective marketing resources to business partners of the Company and provide customers with a more convenient and intuitive service experience.

INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2020 (for the six months ended 30 June 2019: RMB0.08 per share (tax inclusive)).

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 2020.

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 2020, 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 2020, the Company did not purchase, sell or redeem any of the Company's listed securities.

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 2020 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 2020. 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 as soon as practicable.

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 2020 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)
“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, 28 August 2020

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*