EGIC 中國恒嘉融資租賃集團有限公司
CHINA EVER GRAND FINANCIAL LEASING GROUP CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

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

The board of directors (the "Board" or "Directors") of China Ever Grand Financial Leasing Group Co., Ltd. (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**47,706**	18,866
Cost of revenue		**(54,733)**	(18,510)
Gross (loss)/profit		**(7,027)**	356
Other income	*6*	**2,464**	2,992
Other gains and losses	*7*	**(1,545)**	(66,232)
Administrative expenses		**(29,389)**	(26,980)
Other operating expenses		**(125)**	(619)
Finance cost		**(63)**	–
Share of result of associates		**2,171**	18,126
Loss before taxation		**(33,514)**	(72,357)
Income tax credit	*8*	**88**	79
Loss for the period	*9*	**(33,426)**	(72,278)

		Six months ended 30 June	
		2021	2020
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Attributable to:			
– Owners of the Company		**(23,501)**	(47,712)
– Non-controlling interests		**(9,925)**	(24,566)
		(33,426)	(72,278)
		(Unaudited)	(Unaudited)
Loss per share (HK cent)	*11*		
– Basic		**(1.39)**	(3.40)
– Diluted		**(1.39)**	(3.40)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(33,426)**	(72,278)
Other comprehensive expense		
Items that will not be reclassified to profit or loss:		
Net fair value change in equity investment at FVTOCI	**(11,601)**	–
Exchange difference arising on translation to presentation currency	**2,980**	(14,901)
Share of other comprehensive income of associates	**33**	–
Other comprehensive expense for the period, net of income tax	**(8,588)**	(14,901)
Total comprehensive expense for the period	**(42,014)**	(87,179)
Total comprehensive expense attributable to:		
– Owners of the Company	**(33,029)**	(60,386)
– Non-controlling interests	**(8,985)**	(26,793)
	(42,014)	(87,179)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2021

	Notes	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**89,081**	90,112
Investment properties		**150,181**	148,331
Goodwill		**25,556**	25,556
Interest in associates	*12*	**97,315**	95,111
Equity investments at fair value through other comprehensive income		**73,024**	123,781
Finance lease receivables	*13*	**–**	14,132
Loan receivables		**–**	21,733
Deferred tax assets		**1,689**	1,579
Restricted bank deposits		**18,036**	20,724
Deposits	*15*	**12,024**	11,876
		466,906	552,935
Current assets			
Inventory		**21,985**	19,060
Contingent consideration receivables	*16*	**2,553**	2,553
Finance lease receivables	*13*	**140,080**	153,913
Loan receivables		**141,371**	82,614
Trade receivables	*14*	**3,594**	2,976
Other receivables, deposits and prepayments	*15*	**69,174**	43,903
Financial assets at fair value through profit or loss		**115,370**	156,052
Deposits placed with non-bank financial institutions		**99,170**	39,227
Restricted bank deposits		**2,946**	–
Cash and cash equivalents		**36,567**	132,483
		632,810	632,781

	Notes	30 June 2021 (Unaudited) HK$'000	31 December 2020 (Audited) HK$'000
Current liabilities			
Other payables and accruals	*17*	**68,888**	88,283
Deposit received from a customer	*13*	**2,935**	–
Tax payable		**21,066**	21,105
Borrowings		**448,370**	458,603
		541,259	567,991
Net current assets		**91,551**	64,790
Total assets less current liabilities		**558,457**	617,725
Capital and reserves			
Share capital	*18*	**168,730**	168,730
Reserves		**366,304**	399,333
Equity attributable to owners of the Company		**535,034**	568,063
Non-controlling interests		**(2,430)**	6,555
Total equity		**532,604**	574,618
Non-current liabilities			
Deposits received from customers	*13*	**24,862**	27,100
Borrowings		**–**	14,786
Deferred tax liabilities		**991**	1,221
		25,853	43,107
		558,457	617,725

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

1. BASIS OF PREPARATION

These interim condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020. The accounting policies and methods of computation used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2020 except those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2021. The Group has not early adopted any new or revised HKFRSs that has been issued but not yet effective in the current accounting period.

The preparation of these interim condensed consolidated financial statements in compliance with HKAS 34 requires the use of certain judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates. The areas where significant judgments and estimates have been made in preparing the interim financial statements and their effect are disclosed in note 3.

These interim condensed consolidated financial statements are presented in Hong Kong Dollars ("HK$"), unless otherwise stated. These interim condensed consolidated financial statements contain interim condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. These interim condensed consolidated financial statements and notes do not include all of the information required for a complete set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs") and should be read in conjunction with the 2020 annual financial statements.

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

The new or amended HKFRSs that are effective from 1 January 2021 did not have any significant impact on the Group's accounting policies.

3. USE OF JUDGEMENTS AND ESTIMATES

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

4. REVENUE

Revenue represents finance lease and sale-leaseback interest income generated from financial leasing and sale-leaseback transactions, service fee income provided to outsiders, loan interest income from provision of loan facilities, rental income from leasing out properties, sale of food additives and sale of medical, health and hygiene products during the period.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Finance lease and sale-leaseback interest income	**1,573**	10,019
Service fee income	**–**	1,823
Loan interest income	**2,668**	1,901
Rental income	**2,829**	2,264
Sale of food additives	**2,675**	845
Sale of medical, health and hygiene products	**37,961**	2,014
	47,706	18,866

5. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker, for the purpose of resource allocation and performance assessment focuses on the nature of the operations of the Group.

The Group's operating and reportable segments are as follow:

Financial leasing	–	provision of finance lease consulting services and financing services in the PRC ("Financial Leasing Segment")
Investment	–	investment properties in the PRC and Hong Kong, investment in securities and money lending business in Hong Kong
Trading	–	Sale of medical, health and hygiene products ("Trading Segment")
Others	–	research and development, manufacturing and sale of food additives, new food ingredients and nutritional enhancers in the PRC ("Food Additives Business")

The analysis of the revenue and segment results of the Group by reportable and operating segments are as follow:

	Revenue		Segment results	
	Six months ended 30 June			
	2021	2020	**2021**	2020
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segments				
Financial leasing	**1,573**	13,639	**(20,507)**	(50,617)
Investment	**5,497**	2,368	**4,793**	(6,445)
Trading	**37,961**	2,014	**860**	(1,893)
Others	**2,675**	845	**(5,563)**	(5,226)
	47,706	18,866	**(20,417)**	(64,181)
Unallocated corporate expenses			**(15,280)**	(16,130)
Unallocated other income, gains and losses			**92**	16,106
Impairment loss on interest in an associate upon reclassification to assets classified as held for sale			**–**	(25,802)
Share of associates results			**2,171**	18,126
Other expenses			**(80)**	(476)
Loss before taxation			**(33,514)**	(72,357)

Segment results represent the profit earned or loss incurred by each segment without allocation of certain other income, certain other gains and losses, share of associates results and corporate expenses.

The Group's financial leasing and Food Additives Businesses are located in the PRC, Trading division is located in Hong Kong. Investment division comprises of investment properties and leasing business in the PRC and Hong Kong, while its money lending and investment in securities businesses are in Hong Kong. Except for revenue amount of HK$40,629,000 was generated in Hong Kong during the Current Period (six months end 30 June 2020: HK$3,198,000), the remaining amount of HK$7,077,000 was generated in the PRC (six months end 30 June 2020: HK$15,668,000).

The analysis of the assets and liabilities of the Group by reportable and operating segments are as follow:

	Assets		Liabilities	
	30 June 2021	31 December 2020	**30 June 2021**	31 December 2020
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segments				
Financial leasing	**521,592**	549,226	**525,386**	534,539
Investment	**285,719**	238,850	**96**	31,741
Trading	**70,862**	88,483	**967**	2,262
Others	**67,058**	96,924	**5,512**	624
	945,231	973,483	**531,961**	569,166
Interest in associates	**97,315**	95,111	**–**	–
Unallocated corporate items	**57,170**	117,122	**35,151**	41,932
	1,099,716	1,185,716	**567,112**	611,098

For the purposes of monitoring segment performances and allocating resources between segments:

– all assets are allocated to reportable and operating segments other than an office premise for administrative purpose, certain other receivables, certain deposits placed in non-bank financial institutions and certain cash and cash equivalents; and

– all liabilities are allocated to reportable and operating segments other than certain other payables, certain tax payables and deferred tax liabilities.

6. OTHER INCOME

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income from loan receivables	**2,291**	2,504
Interest income from banks and non-bank financial institutions	**166**	37
Government subsidies	**–**	451
Sundry income	**7**	–
	2,464	2,992

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Change in fair value in financial assets at fair value through profit or loss ("FVTPL")	**(1,654)**	(3,935)
Dividend income from financial assets at fair value through other comprehensive income ("FVTOCI")	**–**	948
Change in fair value in financial liability at FVTPL	**–**	15,660
Impairment loss on interest in an associate upon reclassification to assets classified as held for sale	**–**	(25,802)
Change in fair value of investment properties	**–**	(8,996)
Impairment loss on a finance lease receivable	**–**	(27,553)
Impairment loss on a loan receivable from sale-leaseback transaction	**–**	(16,532)
Net foreign exchange gains/(losses)	**92**	(11)
Write down of asset	**–**	(11)
Others	**17**	–
	(1,545)	(66,232)

8. TAXATION

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
The credit comprises:		
Deferred tax credit	**88**	79

9. LOSS FOR THE PERIOD

The Group's loss for the period arrived after charging:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Directors' remuneration	**7,054**	5,762
Interest expenses (included in cost of revenue)	**15,996**	14,643
Cost of inventories sold (included in cost of revenue)	**38,199**	3,110
Depreciation of property, plant and equipment	**463**	699
Depreciation of right-of-use assets	**2,060**	1,964
Short-term lease expenses	**1,343**	1,057
Staff costs (including directors' and chief executive's emoluments)	**18,624**	15,344

10. DIVIDEND

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

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the period attributable to owners of the company for the purpose of basic and diluted loss per share	**(23,501)**	(47,712)

	Number of shares	
	30 June	30 June
	2021	2020
	(Unaudited)	(Unaudited)
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**1,687,303**	1,402,797

The computation of diluted loss per share for the six months ended 30 June 2021 and 2020 does not assume the exercise of share options granted by the Company as the exercise price of those options was higher than the average market price for shares.

12. INTEREST IN ASSOCIATES

	30 June	31 December
	2021	2020
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Unlisted investments at cost	**119,829**	119,829
Accumulated:		
Share of post-acquisition loss, net of dividends received	**(22,531)**	(24,702)
Share of post-acquisition other comprehensive income/(expense)	**17**	(16)
	97,315	95,111

13. FINANCE LEASE RECEIVABLES

	30 June 2021 (Unaudited) *HK$'000*	31 December 2020 (Audited) *HK$'000*
Finance lease receivables	**285,570**	311,745
Less: provision for impairment losses	**(145,490)**	(143,700)
	140,080	168,045
Represented by:		
Current finance lease receivables *(note)*	**140,080**	153,913
Non-current finance lease receivables	**–**	14,132
	140,080	168,045

Note:

As at 30 June 2021, current finance lease receivable amounting to RMB 82,000,000 (equivalent to HK$98,597,000) (31 December 2020: RMB82,000,000, equivalent to HK$97,383,000, relating to a finance lease lessee under a reorganisation process as a result of the application of a reorganisation petition being granted against it by a provincial court.

Leasing arrangements

Certain of the Group's machinery and equipment are leased out under finance leases. All leases are denominated in Renminbi ("RMB"). As at 30 June 2021, the average term of finance leases entered into is 5 years (31 December 2020: 5 years).

Amounts receivable under finance leases

	Minimum lease payments		Present value of minimum lease payments	
	30 June 2021	31 December 2020	**30 June 2021**	31 December 2020
	(Unaudited)	(Audited)	**(Unaudited)**	(Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not later than one year	**141,129**	155,618	**140,080**	153,200
Later than one year and not later than five years, inclusive	**–**	15,018	**–**	14,845
	141,129	170,636	**140,080**	168,045
Less: unearned finance income	**(1,049)**	(2,591)	–	–
Present value of minimum lease payments receivable	**140,080**	168,045	**140,080**	168,045

The Group's finance leases receivables are denominated in RMB. The effective interest rates of the finance leases as at 30 June 2021 range from 4.28% to 5.50% (31 December 2020: 4.28% to 5.50%) per annum.

As at 30 June 2021, finance lease receivables with carrying amounts of HK$107,615,000 (31 December 2020: HK$112,228,000) were guaranteed by related parties of customers and secured by the leased assets and/or customers' deposits.

There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements that needed to be recorded as at the end of the reporting period.

As at 30 June 2021, the finance lease receivables with carrying amounts of HK$98,597,000 (31 December 2020: HK$97,383,000) were pledged as security for the Group's borrowings.

Deposits of HK$27,797,000 (31 December 2020: HK$27,100,000) have been received by the Group to secure certain finance lease receivables and classified into current or non-current liabilities based on the final lease instalment due date stipulated in the finance lease agreements. In addition, the finance lease receivables are secured over the leased assets, mainly plant and machinery leased, at the end of the reporting periods. The Group is not permitted to sell, or repledge the collateral of the finance lease receivables without consent from the lessee in the absence of default by the lessee.

Estimates of fair value of collateral are made during the credit approval process. These estimates of valuations are made at the inception of finance lease, and generally not updated except when the receivable is individually impaired. When a finance lease receivable is identified as impaired, the corresponding fair value of collateral of that receivable is updated by reference to market value such as recent transaction price of the assets.

Except for finance lease receivables with carrying amounts of HK$131,062,000 (31 December 2020: HK$153,200,000), the remaining finance lease receivables at the end of the reporting periods are neither past due nor impaired.

14. TRADE RECEIVABLES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	HK$'000	*HK$'000*
Trade receivables	**3,745**	3,127
Less: allowance for impairment	**(151)**	(151)
Trade receivables, net	**3,594**	2,976

The credit period granted to customers ranged from 0 to 60 days. As at 30 June 2021 and 31 December 2020, the allowance for impairment on trade receivables has been recognised in accordance with the simplified approach, i.e. lifetime ECLs set out in HKFRS 9. The ageing analysis of the trade receivables (net), based on invoice date, as of the end of the reporting period is as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	HK$'000	*HK$'000*
0-30 days	**1,225**	1,853
31-90 days	**1,692**	872
Over 90 days	**677**	251
	3,594	2,976

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2021 (Unaudited) *HK$'000*	31 December 2020 (Audited) *HK$'000*
Other receivables, deposits and prepayments	**81,198**	55,779
Less: Amounts not receivable within one year shown under non-current assets	**(12,024)**	(11,876)
	69,174	43,903

16. CONTINGENT CONSIDERATION RECEIVABLES

The balance represents the contingent consideration receivable in relation to the acquisition of Tripler from the vendor as cash compensation, if there are any shortfalls between the actual results and the profit guarantee (i.e. HK$6.0 million and HK$6.5 million for year ended 31 December 2020 and year ending 31 December 2021 respectively) pursuant to the sale and purchase agreement ("Acquisition Agreement"). The amount is classified as financial assets at fair value through profit or loss and measured at fair value.

	30 June 2021 (Unaudited) *HK$'000*	31 December 2020 (Audited) *HK$'000*
At beginning of year	**2,553**	–
Acquisition of a subsidiary	**–**	5,051
Fair value change recognised in profit or loss	**–**	(2,498)
At end of period/year	**2,553**	2,553

17. OTHER PAYABLES AND ACCRUALS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	HK$'000	*HK$'000*
Accruals	**8,521**	15,889
Interest payable *(note)*	**48,543**	34,135
Value-added tax payables	**223**	418
Other payables	**6,355**	37,841
Receipt in advance	**5,246**	–
	68,888	88,283

(note) Interest payable represented the unpaid normal interest expenses for the borrowings related to two defaulted recourse finance lease projects.

18. SHARE CAPITAL

	Number of ordinary shares of HK$0.01 each *'000*	Number of ordinary shares of HK$0.1 each *'000*	Nominal value *HK$'000*
Authorised:			
At 1 January 2020	40,000,000	–	400,000
Share Consolidation *(note b)*	(40,000,000)	4,000,000	–
At 31 December 2020, 1 January 2021 and 30 June 2021	–	4,000,000	400,000
Issued and fully paid:			
At 1 January 2020	11,919,198	–	119,192
Shares issued upon completion of share placement *(note a)*	2,383,830	–	23,838
Share Consolidation *(note b)*	(14,303,028)	1,430,303	–
Issued of shares upon acquisition of a subsidiary *(note c)*	–	257,000	25,700
At 31 December 2020, 1 January 2021 and 30 June 2021	–	1,687,303	168,730

Notes:

(a) Pursuant to the placing agreement entered into on 30 December 2019, the Company has conditionally agreed to place, through placing agents, up to 2,383,830,000 new shares before Share Consolidation to not less than 6 placees at the placing price at HK$0.014 per new share. The placing of entire new shares was completed on 22 January 2020.

(b) With effect from 26 March 2020, every ten (10) issued and unissued shares of the Company of HK0.01 each was consolidated into one (1) consolidated share of the Company of HK$0.1 each (the "Share Consolidation"). Further details of the Share Consolidation are set out in the announcements dated 14 February 2020 and 24 March 2020 and circular of the Company dated 4 March 2020.

(c) On 21 August 2020, 257,000,000 shares of HK$0.1 each in the capital of the Company were issued and allotted to the vendor under the acquisition which 108,000,000 new shares were subjected to the escrow arrangement in accordance with the profit guarantee requirement as indicated in the acquisition agreement. These shares rank pari passu in all respect with other shares in issue.

19. CONTINGENT LIABILITIES

As at 30 June 2021, there was a litigation in the PRC about an alleged breach of loan contract brought by The Export-Import Bank of China ("EXIM Bank") against Beijing Ever Grand International Financial Leasing Co. Limited ("BJEG"), a non wholly owned subsidiary in the PRC. A court hearing was held in late April 2021. The loan contract was related to the Qinghai Project, and its terms and amount of loan proceeds were back-to-back with those of the finance lease agreement with Qinghai. In this appeal, EXIM Bank as an appellant appealed to overturn the judgement at the first instance (Notification ([2020] Shan 01 Min Chu 659) handed down by the Intermediate People Court of Xi'an District, Shanxi Province (the "Xi'an Intermediate Court") where dismissed EXIM Bank's claims brought against BJEG regarding the alleged breach of loan contract in December 2020. In the appeal case, EXIM Bank reinstated its claims to require BJEG to repay the outstanding principal, overdue interests (i.e. normal, compound and penalty) under the loan contracts and court fees or requested to return the case for retrial. As at 30 June 2021, the relevant carrying amount of outstanding principal and interest amounted to RMB200 million and RMB22.2 million recorded in borrowing and other payable respectively. As at the date of this announcement, the judgement of the appeal case is not yet available.

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

20. CAPITAL COMMITMENTS

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
	HK$'000	*HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**73**	73

21. COMPARATIVE AMOUNTS

Certain comparative profit or loss items have been reclassified to conform with the current period presentation of the financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six-months ended 30 June 2021 (the "Current Period"), the Group recorded the revenue of HK$47.7 million as compared with HK$18.9 million for the six-months ended 30 June 2020 (the "Corresponding Period"), gross loss of HK$7.0 million as compared with gross profit of HK$0.4 million in the Corresponding Period and a net loss of HK$33.4 million as compared with the net loss of HK$72.3 million in the Corresponding Period.

For the period under review, the Financial Leasing Segment recorded a segment loss of HK$20.5 million (Corresponding Period: a segment loss of HK$50.6 million) (the definition of segment profit or loss and detailed analysis set out in note 5 to the condensed consolidated financial statements). The decrease in loss was mainly attributable to (i) a decrease in impairment loss of approximately HK$44.1 million on finance lease receivables and loan receivables and further net off with (ii) increase in operating loss of HK$14.0 million primarily as a result of the net negative interest spread of two financial leasing businesses in which the receivables were defaulted and an appreciation of RMB against HKD by 9% in the Current Period.

The investment segment recorded interest income of HK$2.7 million from money lending business (Corresponding Period: HK$0.1 million) and rental income of HK$2.8 million (Corresponding Period: HK$2.3 million) as revenue in Current Period. A turnaround result from a loss of HK$6.4 million in the Corresponding Period to a profit of HK$4.8 million in the Current Period was due to (i) a fair value loss of investment properties in Hong Kong and the PRC of HK$9.0 million in the Corresponding Period while no material change of the same in the Current Period, (ii) the increase in loan interest income from money lending business of HK$2.6 million in the Current Period.

The Food Additives Business, classified under others in the segment information, carries out manufacturing and sale of solid sorbitol and compound food additives. It also conducts research & development of new products such as Advantame, highly extreme sweetener, and EPS, clinic diagnostic reagent. During the Current Period, the business recorded revenue of approximately HK$2.7 million (Corresponding Period: HK$0.9 million) and a loss of HK$5.6 million (Corresponding Period: a loss of HK$5.2 million). The increase in revenue was mainly due to resumption of operation and restoration of normal product demand in the market in the Current Period while these were disrupted for most of the time in the Corresponding Period. Though the revenue improved, the operating loss persisted because of the considerable amount of fixed costs like depreciation and taxes related to land and buildings that could not be covered by the income generating from the existing production scale.

The trading segment includes (i) a newly acquired business in August 2020 which carries out wholesale, distribution and trading of daily necessities, including personal care and sanitizing products as well as face masks under its own brand or as OEM for other brands and related commercial activities in Hong Kong (the "New Business") and (ii) trading of medical and health products in Hong Kong that commenced in the first half of 2020. During the Current Period, the business recorded revenue and a profit amounting to approximately HK$38.0 million and approximately HK$1.0 million respectively as compared with revenue of HK$2.0 million and a loss of HK$1.9 million in the Corresponding Period. The substantial increase in revenue was mainly due to increase in the trading volume of medical and health products in the Current Period and the revenue contribution from the New Business that was only acquired in the second half of 2020.

After considering (i) the corporate and other expenses of HK$15.3 million, slightly down by HK$0.8 million, (ii) absence of the impairment loss on interest in an associate (i.e. Rizhao Lanshan) upon reclassification to assets classified as held for sales of HK$25.8 million; (iii) the substantial decrease in certain unallocated other income and gain of HK$16.0 million primarily as a result of the fact that there was a fair value gain of HK$15.7 million on a put option granted by the Group in the Corresponding Period while no such item in the Current Period after the option was expired on 30 June 2020, (iv) share of associates' results of HK$2.2 million as compared with HK$18.1 million in the Corresponding Period, and (v) income tax credit of HK$0.1 million, same as the Corresponding Period, the Group recorded a net loss of HK$33.4 million and net loss attributable to owners of the Company of HK$23.5 million in the Current Period as compared with net loss of HK$72.3 million and net loss attributable to the owners of the Company of HK$47.7 million in the Corresponding Period.

Revenue and gross loss/profit

For the period under review, the Financial Leasing Segment recorded revenue and gross loss of HK$1.6 million and HK$15.0 million (Corresponding Period: HK$13.6 million and HK$1.8 million), representing 3% and 213% (Corresponding Period: 72% and –495%) of the Group's revenue and gross loss (Corresponding Period: gross profit) respectively. The revenue of this segment represents (i) service fee income for financing arrangements and consultancy services and (ii) finance lease and loan interest income generated from financial leasing business. The cost of revenue mainly represents (i) service cost to banks and other non-bank financial institutions on various kinds of factoring and consultancy services and (ii) interest expenses on borrowings from banks and other non-bank financial institutions.

The segment saw a persistent drop on revenue. The segment has been grappling with the unfavorable operating environment in the People's Republic of China (the "PRC"), especially the stringent regulatory oversight of the industry which makes it difficult for the segment to satisfy prospective customer's financing needs and terms by sourcing back-to-back credits from banks or peers and hence the relevant service fee income were severely affected. The gross loss was incurred primarily because of the negative net interest spread of two finance lease projects on recourse basis in which the receivables were already defaulted, while increase in the gross loss was mainly due to decrease in interest income from self-funded projects and decrease in service fee income for provision of general consultancy service in the Current Period.

The money lending business and property leasing business (classified under the Investment segment) recorded revenue and gross profit both amounting to HK$5.5 million (Corresponding Period: both HK$2.4 million), representing 12% and –78% (Corresponding Period: 13% and 665% respectively) of the Group's revenue and gross loss (Corresponding Period: gross profit) respectively in the Current Period. The revenue represents loan interest income from the provision of loan facilities carried out by a licensed subsidiary in Hong Kong and rental income deriving from letting out office properties in the PRC (Corresponding Period: Hong Kong and the PRC).

The Food Additives Business, classified under others, recorded revenue of HK$2.7 million and gross loss of HK$1.5 million (Corresponding Period: HK$0.9 million and HK$0.4 million), representing 6% and 21% of (Corresponding Period: 4% and –102%) the Group's revenue and gross loss (Corresponding Period: gross profit) respectively in the Current Period. The reasons for the increase in segment revenue and the persistent gross loss position are as set out in the previous paragraph.

The trading segment recorded revenue and gross profit amounting to HK$38.0 million and HK$3.9 million respectively (Corresponding Period: HK$2.0 million and HK$0.1 million), representing 80% and –55% (Corresponding Period: 11% and 32%) of the Group's revenue and gross loss (Corresponding Period: gross profit) respectively in the Current Period. The reasons for the increase in segment revenue are as set out in the previous paragraph.

Other income

Other income of the Group mainly comprised of interest income from trust products issued by asset management companies in the PRC and interest income from bank and non-bank financial institutions. The slight decrease was mainly due to absence of government grant income from Employment Support Scheme under the Anti-epidemic Fund launched by the Hong Kong SAR Government supporting the payroll of the Group's employees in the Current Period.

Other gains and losses

There was a substantial decrease in overall loss position from HK$66.2 million in the Corresponding Period to HK$1.5 million In the Current Period. Please refer to note 7 to this condensed consolidated financial statements for the breakdown and its changes.

Administrative expenses and other operating expenses

The Group's administrative expenses and other operating expenses in the Current Period amounted to HK$29.4 million, slightly up by HK$2.4 million, mainly comprising of staff costs of HK$18.6 (including directors' and chief executive's emoluments) (Corresponding Period: HK$15.3 million), office rental expenses, legal and professional fees and various other administrative expenses.

Finance cost

The Group's finance cost of HK$0.1 million represented an interest payable to bank borrowings for the trading business.

Share of result of associates

The share of result of associates in the Current Period amounted to a profit of HK$2.2 million as compared with a profit of HK$18.1 million in the Corresponding Period. The decrease in the shared profit amount was mainly due to no more profit shared from Rizhan Lanshan engaged in the terminal and logistics business as a result of disposal of its entire equity interest in second half of 2020 that accounted for a profit of HK$17.8 million in the Corresponding Period.

Income taxation

Income tax credit for the Current Period and the Corresponding Period amounted to HK$0.1 million mainly comprising of deferred tax credit from amortisation of imputed interest on long term deposit from customers.

FINANCIAL POSITION

The total asset amount of the Group as at 30 June 2021 stood at HK$1,099.7 million, down by HK$86.0 million as compared with HK$1,185.7 million as at 31 December 2020. The slight decrease in total assets was mainly attributable to repayment of performing finance lease receivables from the existing finance lease projects on recourse basis. As a result of repayment of the corresponding borrowings for the finance lease projects, the total liability of the Group slightly dropped by HK$44.0 million from HK$611.1 million as at 31 December 2020 to HK$567.1 million as at 30 June 2021.

The gearing ratios (measured as total liabilities over total assets) remained almost unchanged at 51.6% as at 30 June 2021 as compared with 51.5% as at 31 December 2020 and the current ratios (measured as total current assets over total current liabilities) slightly increased from 1.1 as at 31 December 2020 to 1.2 as at 30 June 2021.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2021, the Group had bank balances, restricted bank deposits, deposits placed with non-bank financial institutions and cash of approximately HK$156.7 million (of which HK$21.0 million was pledged to the banks to secure bank borrowings granted to the Group for financial leasing business (31 December 2020: HK$20.7 million)) as compared to HK$192.4 million as at 31 December 2020. As at 30 June 2021, the Group had bank and other borrowings totaling HK$448.4 million (31 December 2020: HK$473.4 million) which are all due within one year (31 December 2020: in which HK$458.6 million and HK$14.8 million are due within one year and over one year respectively). For the period under review, the Group has financed its operations with facilities provided by banks and other non-bank financial institutions and internally generated cash flows.

FOREIGN EXCHANGE EXPOSURE

In the both reporting periods, the Group had no material foreign currency exposure as material transactions such as revenue and cost of revenue were denominated in local currencies in which the relevant entities operated.

CREDIT EXPOSURE

The Group's major credit risk is primarily attributable to finance lease receivables and loan receivables.

Any deterioration in collectability of the finance lease receivables and loan receivable from sale-lease back transaction and the underlying quality of leased assets and collaterals could adversely affect our business and financial conditions. In order to mitigate those credit risk, the management of the Group has delegated a team responsible for evaluation of credit risk stemming from the financial viability of customers and guarantors (if any) and the prospect of the industries in which the customers operate and critical assessment on adequacy of the value of the leased assets, collaterals and any forms of securities provided by customers at the inception of the lease. Throughout the lease term, the Group closely monitored the recoverability and will consider requesting additional collaterals or any form of security from customers in case of any adverse change in credibility.

As at 30 June 2021, a provision for impairment loss on a finance lease receivable of HK$141.9 million (as at 31 December 2020: HK$140.1 million) was related to a recourse finance lease project, namely Qinghai Pingan High-precision Aluminum Industry Co., Ltd. ("Qinghai") project (collectively "Qinghai Project") with net principal amount of RMB200.0 million or equivalent to HK$240.5 million, secured by machineries and equipment initially worth more than the principal amount, and guaranteed by Qinghai Provincial Investment Group Co. Ltd being Qinghai's ultimate holding company which is regarded as one of the largest Chinese state-owned aluminum product manufacturer. The transaction was fully financed by a back-to-back bank borrowing on recourse basis. Further to the reorganization orders against Qinghai and the guarantor granted by Xining Intermediate Court in June 2020, they have been still subject to the proceeding of the orders. Recently there was a strategic investor with state–owned background who is keen to take over certain assets of Qinghai group and entered into an investment agreement with the administrator of Qinghai and Guarantor that was filed to the court. However, as at the date of this announcement, the agreement is yet effective as it is still subject to approvals from the court and the then creditor meeting, and therefore no concrete reorganization proposal has been made by the administrator. The Group assessed the recoverability of the receivable under the same ECL assessment as the last reporting end in ""lifetime credit-impaired" in accordance with HKFRS 9 as at 30 June 2021. The key inputs at least comprise of exposure at default ("EAD"), probability of default, loss given default and discount rate. Given the fact that there has been no material development since the last reporting end, there were no material changes in the values of key inputs and hence the provision for impairment loss for the receivable remained largely unchanged as at 30 June 2021.

As at 30 June 2021, a provision for impairment loss on a loan receivable from sale-leaseback transaction of HK$109.4 million (as at 31 December 2020: HK$108.1 million) was related to a recourse finance lease project, namely Sanya Phoenix International Airport Company Limited ("Sanya") project, at a principal amount of RMB135.0 million or equivalent to HK$162.3 million, secured by aviation facilities and other security(ies) initially worth more than the principal amount and guaranteed by HNA Airport Holding (Group) Co., Ltd being the ultimate holding company of Sanya. The entire outstanding amount had been overdue as at the last reporting end. In February, reorganization orders against Sanya and the guarantor were granted with details referring to the Company's announcement dated 11 February 2021. Since then, they have been undergoing the proceeding of the orders. There is no concrete reorganization proposal made by the administrator. The Group assessed the recoverability of the receivable under the above-mentioned ECL assessment as at 30 June 2021. Given the fact that there has been no material development since the last reporting end, there were no material changes in the values of key inputs and hence the provision for impairment loss for the receivable remained largely unchanged as at 30 June 2021.

In response to the two defaulted customers of the recourse business under the reorganisation orders, the Group has taken/will take a series of actions to protect the Group's assets including but not limited to seeking legal advice and appointment of the relevant PRC legal practitioners to follow up with the legal matters, continuous communication and participation of meetings with appointed administrator to understand the current development of the customers and the security assets and continuous negotiation with all relevant contracting parties like customers and banks to mitigate the risk exposure of the Group from credit loss of the defaults.

Before investing in other loan receivables, the Group also assesses the credit quality of the loan borrowers & guarantors (if any), evaluation of the value & liquidity of the collaterals, and defines the terms of the loans. The Group regularly monitored recoverability to ensure prompt follow up action is taken to recover any overdue debt.

CHARGE OF ASSETS

As at 30 June 2021, the restricted bank deposits of HK$21.0 million (31 December 2020: HK$20.7 million) and the finance lease receivables of HK$98.6 million (31 December 2020: HK$97.4 million) were pledged to the banks and other non-bank financial institutions for facilities granted to the Group.

CONTINGENT LIABILITIES

As at 30 June 2021, there was a litigation in the PRC about an alleged breach of loan contract brought by The Export-Import Bank of China ("EXIM Bank") against Beijing Ever Grand International Financial Leasing Co. Limited ("BJEG"), a non wholly owned subsidiary in the PRC. A court hearing was held in late April 2021. The loan contract was related to the Qinghai Project, and its terms and amount of loan proceeds were back-to-back with those of the finance lease agreement with Qinghai. In this appeal, EXIM Bank as an appellant appealed to overturn the judgement at the first instance (Notification [2020] Shan 01 Min Chu 659) handed down by the Intermediate People Court of Xi'an District, Shanxi Province (the "Xi'an Intermediate Court") where dismissed EXIM Bank's claims brought against BJEG regarding the alleged breach of loan contract in December 2020. In the appeal case, EXIM Bank reinstated its claims to require BJEG to repay the outstanding principal, overdue interests (i.e. normal, compound and penalty) under the loan contracts and court fees or requested to return the case for retrial. As at 30 June 2021, the relevant carrying amount of outstanding principal and interest amounted to RMB200 million and RMB22.2 million recorded in borrowing and other payable respectively. As at the date of this announcement, the judgement of the appeal case is not yet available.

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

CAPITAL COMMITMENTS

The Group had capital commitments of HK$0.1 million for the acquisition of property, plant and equipment as at 30 June 2021 (31 December 2020: HK$0.1 million).

PROSPECT

Looking ahead, the Group likely continues to face many operating challenges. Although the strong economic recovery and booming exports in China have boosted confidence in successful implementation in zero tolerance COVID-19 elimination strategy, others question whether China, having played a key role in the model of economic globalisation, can sustain the economic recovery in long term while the borders remain closed. The recovery is uneven, especially the service and hospitality sectors which are still struggling to survival while local governments of certain inland provinces recorded a huge deficit as a result of lower tax income but higher cost of carrying out various containment measures. Being engaged in financial leasing industry in China, the Group performance is subject to the ever changing and quite unpredictable government policies and regulations that could be either an opportunity or a threat or both. The geographical tensions with the west still looms over the long term prosperity of China. In Hong Kong where the Group has been placing emphasis on domestic market especially on the health product industry has remained robust in economic recovery through successful implementation in COVID-19 containment measures and the consumption voucher scheme launched by the government. However its sustainability still lies on the reopening of the borders especially with China and also the political stability.

As to the Financial Leasing Segment, while it has been exploring new business model to prosper under the prevailing regulatory requirements and new projects with customers in government backing sectors like green energy & environment and machines & engineering, more effort has been and will be put on two defaulted recourse businesses in which the customers are undergoing a restructuring proceeding to sort out their financial distress under court orders. The Group will proactively monitor the development of the restructuring with administrators, safeguard the underlying leased properties/ secured assets, seek any disposal opportunities of delinquent debts and so and so forth to enhance the recovery of the overdue amount. The same effort has been and will be exerted on mitigating risk of litigation brought or to be brought by the creditors of the businesses who ultimately provided the proceeds to the customers through the Group. It involves tremendous amount of negotiations and taking corroborative response to recovery actions raised by the creditors every now and then in order to get the segment off the deal structure or/and reach out of court settlement. At the same time, it continues to adhere to the risk management and control policies to critically evaluate any potentially adverse change in credit risk of other existing finance projects and promptly take recovery actions in a bid to protect the Group's assets.

As to the Investment Segment, the Group will continue to adopt a conservative investment strategy towards the investment portfolio comprising of equity, debt and real estate. With the robust risk management and control policies, the Group closely assess its performance and optimize its composition in order to strike a balance between a stable return and the necessary liquidity of the Group.

As to the Food Additives Business, it will focus on increasing the capacity of solid sorbitol through new production line and/or construction of a brand new plant manufacturing new product – Advantame in order to tackle the problem of economic of scale and turn a profit. They require new fresh capital to accomplish. In the meantime, the segment will go on to improve the production stability, diversify the customer base in different provinces and industries, and optimize the production to cut down on operating costs.

As to the Trading Segment, the Group will emphasize on product diversification and broadening customer base to bolster the business volume. Collaborating with a growing e-commerce platform in China specialising the sales of a variety of quality life products has been on the pipeline. If materialised, the segment will be part of the supply chain of the platform supplying certain PCMs, health products and other personal care products. In addition, seeking partnerships with various healthcare companies allow us to expand our product line into the fields of maternal and child healthcare as well as medicines. Discussion over wholesaling of certain popular snacks to China and a brand new antibody booster in the form of capsule has been ongoing. Leveraging a wholesaler licence in proprietary Chinese medicines ("PCMs"), the Group will attempt to seek direct exclusive distributorship of PCMs with manufacturers to enhance profitability. This direct exclusivity will also boost sales as it puts the segment into advantageous position to deal with sizable distributors and retailers who look for stability of supplies and better terms. Leveraging personal network and expertise in the industry, establishment of extensive distribution network of small and medium dispensaries in Hong Kong and public awareness of hygiene and health during the pandemic, the future demand of health products, personal care and other medical products that the segment offers looks promising. The Group will cautiously set aside sufficient resource to cultivate the business and considers it as a growth impetus in the future.

In addition to the existing segments, the Group will cautiously and diligently explore new potential growth opportunities, undervalued assets and business expansion in order to diversify the income sources, bring in profits and ultimately attain long and sustainable growth and enhance shareholder's value as a whole.

SIGNIFICANT INVESTMENTS/MATERIAL DISPOSALS

At 30 June 2021, the Group held loan receivables (excluding from a loan receivable from sale-leaseback transaction and any loans to individuals provided by money lending business) of HK$32.5 million (31 December 2020: HK$47.1 million), equity investments at FVTOCI of HK73.0 million (31 December 2020: HK$123.8 million) and financial assets at FVTPL of approximately HK$115.4 million (31 December 2020: HK$156.1 million).

Included in equity investments at FVTOCI as at 30 June 2021 represented the equity investment of 55,500,000 shares of Imagi Brokerage Limited ("Imagi Brokerage"), or approximately 9.99% of the total issued shares of it (as at 31 December 2020: 55,500,000 shares or 9.99%), whose fair value was HK$61.0 million or approximately 5.5% of the Group's total asset (as at 31 December 2020: HK$74.3 million or 6.3%) and the cost was HK$74.3 million. The investee mainly carries out businesses of type 1, 2, 4, 5 and 9 regulated activities licensed by the SFC in Hong Kong. With no dividend income received, there was an unrealized fair value loss of HK$13.3 million recognised to other comprehensive income in the Current Period (Corresponding Period: nil) mainly due to drop in valuation of market comparables though the financial performance of the investee remained profitable in the Current Period. The investment is mainly to bring returns to the Group by dividends and capital growth.

Other than Imagi Brokerage, there was no other single significant investment with a value of 5% or more of the Group's total assets as at 30 June 2021 and 31 December 2020.

With no addition of loan receivables in the Current Period, the balance as at 30 June 2021 comprised of investments in trust products with 1 to 2 years terms issued by financial institutions in the PRC. The Group recorded loan interest income from loan receivables amounting to HK$2.3 million (Corresponding Period: HK$2.5 million) and no impairment loss on loan receivables (Corresponding Period: nil).

The equity investments at FVTOCI (other than those held by associates) of HK$73.0 million as at 30 June 2021 (31 December 2010: HK$123.8 million) represented unlisted equity securities issued by the PRC and Hong Kong private entities with operations including asset management in the PRC and SFC licensed businesses of type 1, 2, 4, 5 and 9 in Hong Kong. There was an overall fair value loss of HK$11.6 million (Corresponding Period: nil) recognised through other comprehensive income in which the cumulative gain of HK$2.5 million (Corresponding Period: nil) was reclassified to retained loss upon disposals in the Current Period.

The financial assets at FVTPL of HK$115.4 million as of 30 June 2021 (31 December 2020: HK$156.1 million) comprised of (i) 3 different listed and unlisted equity fund products in the PRC of HK$33.6 million (as at 31 December 2020: 7 different listed and unlisted equity fund products in the PRC of HK$88.0 million) and (ii) numerous listed equity shares, bonds and national debt reverse repurchase of HK$81.8 million in the Hong Kong and the Chinese stock exchanges (as at 31 December 2020: HK$68.1 million). There was a fair value loss of HK$1.7 million recognised to profit or loss in the Current Period (Corresponding Period: fair value loss of HK$3.9 million).

EMPLOYEE AND REMUNERATION

As at 30 June 2021, the Group had 103 (31 December 2020: approximately 103) employees (excluding employees of the Company's associates) in Hong Kong and the PRC. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

A share option scheme was adopted on 29 July 2016. As at 30 June 2021 and 31 December 2020, a total outstanding number of share options granted to the eligible employees, including directors of the Company, remained unchanged at 1,983,333. Details of the share options granted are set out in the announcement of the Company dated 8 December 2016. As a result of expiry of the exercisable period, the entire outstanding options were lapsed on 28 July 2021.

UPDATE ON USE OF PROCEED IN RELATION TO FUND RAISING ACTIVITIES

Reference is made to the Company's announcements on 30 December 2019 and 31 March 2020 in relation to placing of placing of new shares under general mandate and change in use of proceeds from the placing (collectively refer as to "Announcements"), 2020 interim report dated 25 August 2020 and 2021 annual report dated 25 March 2021. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcements.

Intended use of proceeds	**Actual and update on use of proceeds**
(1) Total of HK$26.0 million for the Food Additives Business in which (i) HK$19.7 million will be allotted to capital expenditure and related expenses on establishing a new production line for the manufacturing of crystalline sorbitol and a new production line for the manufacturing of Advantame (ii) HK$6.3 million will be set aside as additional working capital of the operation of the production lines.	(1) (i) Due to the expansion plan of the Food Additives Business was disrupted by the recent outbreak of the COVID-19, HK$15.0 million out of HK$19.7 million was re-allocated to the trading business. The remaining proceeds of HK$4.7 million currently deposited into bank accounts of Hong Kong head office is expected to be ustilied to improve and enhance the existing production lines for the Food Additives Business by 31 December 2021; (ii) an amount of HK$6.3 million was fully utilized as working capital of the Food Additives Business
(2) The remaining proceeds of HK$6.2 million will serve as general working capital of the Group.	(2) An amount of HK$6.2 million was fully utilised as general working capital of the Group.
(3) The re-allocated HK$15.0 million will be for purchasing of the medical and hygiene products for trading purpose.	(3) An amount of HK$15.0 million was fully utilised as payment for purchasing the medical and hygiene products for trading purpose.

UPDATES ON THE RESULT OF PROFIT GUARANTEE AFTER ACQUISITION

Reference is made to the Company's announcement on 29 July 2020 and 21 August 2020 and page 22 of the Annual Report in relation to acquisition of the entire issued shares in Tripler Holdings Limited (the "Tripler") involving issue of consideration shares under general mandate.

The Company received the audited accounts of Tripler for the year ended 31 December 2020 and the Board is pleased to confirm that the profit guarantee of not less than HK$6 million for the same period is met.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the period.

CORPORATE GOVERNANCE PRACTICE

During the six months ended 30 June 2021, the Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 of the Listing Rules, except for certain deviations as below:–

Code Provision B.1.2

The terms of reference of the Remuneration Committee exclude review of and making recommendations to the Board in relation to senior management remuneration as in the Board's opinion, it was more appropriate for the executive directors to perform these duties.

Code Provision E.1.2

Under Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. Mr. Wong Lik Ping, Chairman of the Board was unable to attend the annual general meeting of the Company held on 11 June 2021 due to his other important commitment.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for dealings in securities of the Company by the directors. Following a specific enquiry, all directors confirmed that they have complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

AUDIT COMMITTEE REVIEW

The Company has an audit committee which was established in accordance with the requirements of the CG code, for the purposes of reviewing and providing supervision over the financial reporting process, risk management and internal controls of the Group. The audit committee comprises 3 independent non-executive directors of the Company. The audit committee has adopted terms of reference which are in line with the CG Code. The Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2021 have been reviewed and approved by the audit committee.

By order of the Board of
China Ever Grand Financial Leasing Group Co., Ltd.
Lai Ka Fai
Executive Director

Hong Kong, 25 August 2021

As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke, Mr. Qiao Weibing and Mr. Ng Tin Shui as executive directors; (2) Ms. Yip Man Yi as non-executive director; and (3) Mr. Goh Choo Hwee, Mr. Ho Hin Yip, Mr. U Keng Tin and Mr. Leung Yiu Ming, David as independent non-executive directors.