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 2022

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 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**50,343**	47,706
Cost of revenue		**(44,999)**	(54,733)
Gross profit/(loss)		**5,344**	(7,027)
Other income	*6*	**2,020**	2,464
Other gains and losses	*7*	**(32,254)**	(1,545)
Administrative expenses		**(31,006)**	(29,389)
Other operating expenses		**(77)**	(125)
Finance cost		**(13)**	(63)
Share of result of associates		**906**	2,171
Loss before taxation		**(55,080)**	(33,514)
Income tax (expense)/credit	*8*	**(385)**	88
Loss for the period	*9*	**(55,465)**	(33,426)

	Notes	Six months ended 30 June **2022** **(Unaudited)** ***HK$'000***	 2021 (Unaudited) *HK$'000*
Attributable to:			
– Owners of the Company		**(37,614)**	(23,501)
– Non-controlling interests		**(17,851)**	(9,925)
		(55,465)	(33,426)
		(Unaudited)	(Unaudited)
Loss per share (HK cent)	*11*		
– Basic		**(2.23)**	(1.39)
– Diluted		**(2.23)**	(1.39)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(55,465)**	(33,426)
Other comprehensive expense		
Items that will not be reclassified to profit or loss:		
Net fair value changes on equity investment at fair value through other comprehensive income	**(4,751)**	(11,601)
Exchange difference arising on translation to presentation currency	**(7,188)**	2,980
Share of other comprehensive income of associates	**5**	33
Other comprehensive expense for the period, net of income tax	**(11,934)**	(8,588)
Total comprehensive expense for the period	**(67,399)**	(42,014)
Total comprehensive expense attributable to:		
– Owners of the Company	**(48,661)**	(33,029)
– Non-controlling interests	**(18,738)**	(8,985)
	(67,399)	(42,014)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	Notes	30 June 2022 (Unaudited) HK$'000	31 December 2021 (Audited) HK$'000
Non-current assets			
Property, plant and equipment		**85,080**	88,520
Prepayment for acquisition of property, plant and equipment		**17,272**	17,847
Investment properties		**135,930**	142,369
Goodwill		**25,556**	25,556
Interests in associates	*12*	**97,827**	99,608
Equity investments at fair value through other comprehensive income		**97,833**	108,762
Finance lease receivables	*13*	**24,612**	30,580
Loan receivables		**8,083**	61,030
Restricted bank deposits		**17,571**	18,404
		509,764	592,676
Current assets			
Inventories		**19,915**	16,778
Finance lease receivables	*13*	**120,259**	122,782
Loan receivables		**114,184**	97,539
Trade receivables	*14*	**10,033**	13,634
Other receivables, deposits and prepayments	*15*	**34,704**	54,121
Financial assets at fair value through profit or loss		**129,300**	147,069
Deposits placed with non-bank financial institutions		**8,441**	13,599
Cash and cash equivalents		**22,566**	23,299
		459,402	488,821

	Notes	**30 June 2022 (Unaudited)** ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Current liabilities			
Other payables and accruals	*17*	**89,407**	89,687
Deposits received from customers	*13*	**–**	12,268
Tax payable		**20,901**	21,586
Borrowings		**392,572**	423,691
		502,880	547,232
Net current liabilities		**(43,478)**	(58,411)
Total assets less current liabilities		**466,286**	534,265
Capital and reserves			
Share capital	*18*	**168,730**	168,730
Reserves		**298,320**	346,981
Equity attributable to owners of the Company		**467,050**	515,711
Non-controlling interests		**(18,703)**	35
Total equity		**448,347**	515,746
Non-current liabilities			
Deposits received from customers	*13*	**16,029**	16,478
Deferred tax liabilities		**1,910**	2,041
		17,939	18,519
		466,286	534,265

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021. 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 2021 except those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2022. 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 2021 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 2021 annual financial statements.

The Group incurred a loss of approximately HK$55,465,000 for the six months ended 30 June 2022. As at 30 June 2022, the Group had net current liabilities of approximately HK$43,478,000 as of that date. These conditions indicate that a material uncertainty exists that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In preparing the condensed consolidated financial statements, the management of the Company have prepared a cash flow forecast covering a period of eighteen months from the end of reporting period with careful consideration to the future performance and liquidity of the Group and have taken account of the following:

(i) Proceeds from planned disposal of financial assets at fair value through profit or loss on the assumption that a substantial discount is taken; and

(ii) The loan contract with RMB200,000,000 was related to a finance lease arrangement and its terms and amount of loan proceeds were back-to-back with those of the finance lease agreement with a lessee. The loan repayment is still in an appeal process initiated by the counterparty of the loan, which is detailed in note 19 and the management considered it will not be settled within next 12 months from the date of this announcement.

The Directors have reviewed the Group's cash flow forecast prepared by management and are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due for at least the next twelve months from 30 June 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements of the Group on a going concern basis.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made in the financial statements to write down the values of the assets to their realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of such adjustments has not yet been reflected in the financial statements.

2. ADOPTION OF AMENDMENTS TO HKFRSs

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

- Amendments to HKAS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to HKAS 37: Onerous Contract – Cost of Fulfulling a Contract
- Amendments to HKFRS 3: Reference to the Conceptual Framework
- Annual Improvements to HKFRSs 2018-2020

The amended HKFRSs that are effective from 1 January 2022 did not have any significant impact on the Group's accounting policies.

Amendments to HKAS 16: Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Amendments to HKAS 37: Onerous Contract – Cost of Fulfilling a Contract

The amendments specify that, when an entity assesses whether a contract is onerous in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, the unavoidable costs under the contract should reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Costs of fulfilling the contract include incremental costs and an allocation of other costs that relate directly to fulfilling contracts.

The amendments are applicable to contracts for which the Group has not yet fulfilled all its obligations as at the date of initial application.

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Annual Improvements to HKFRSs 2018-2020

Details of the amendments that are expected to be applicable to the Group are as follow:

HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

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 2021 annual financial statements.

4. REVENUE

Revenue represents interest income generated from finance leasing transactions, loan interest income from provision of loan facilities, rental income from leasing out properties, sale of food additives, sale of medical and health products and sale of daily necessities and hygiene products during the period.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Finance lease interest income	**2,856**	1,573
Loan interest income	**2,639**	2,668
Rental income	**2,839**	2,829
Sale of food additives	**1,664**	2,675
Sale of medical and health products	**12,175**	27,582
Sale of daily necessities and hygiene products	**28,170**	10,379
	50,343	47,706

The disaggregation of the Group's revenue from contracts with customers within the scope of HKFRS15 includes sale of food additives, sale of medical and health products and sale of daily necessities and hygiene products. They can be categorised by timing of revenue recognition namely (i) at a point in time and (ii) over time.

For the first six months ended 30 June 2022, the revenue of such kind amounted to HK$42,009,000 all of which was recognised at a point in time (six months ended 30 June 2021: HK$40,636,000).

The remaining revenue amount represented revenue from other sources comprising of finance lease interest income, loan interest income and rental income.

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 People's Republic of China (the "PRC") ("Financial Leasing Segment")
Investment	–	investment properties in the PRC, investment in securities and money lending business in Hong Kong
Trading	–	sale of medical, health, hygiene products and daily necessities ("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			
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segments				
Financial leasing	**2,856**	1,573	**(36,800)**	(20,507)
Investment	**5,478**	5,497	**(7,192)**	4,793
Trading	**40,345**	37,961	**4,143**	860
Others	**1,664**	2,675	**(3,692)**	(5,563)
	50,343	47,706	**(43,541)**	(20,417)
Unallocated corporate expenses			**(12,382)**	(15,280)
Unallocated other income, gains and losses			**(15)**	92
Share of result of associates			**906**	2,171
Other expenses			**(48)**	(80)
Loss before taxation			**(55,080)**	(33,514)

Segment results represent the profit earned or loss incurred by each segment without allocation of certain other income and expenses, certain other gains and losses, share of result of associates 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, while its money lending and investment in securities businesses are in Hong Kong. Except for revenue amount of HK$42,984,000 was generated in Hong Kong during the current period (six months end 30 June 2021: HK$40,629,000), the remaining amount of HK$7,359,000 was generated in the PRC (six months end 30 June 2021: HK$7,077,000).

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

	Assets		**Liabilities**	
	30 June 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*	**30 June 2022 (Unaudited)** ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Segments				
Financial leasing	**431,987**	505,604	**484,602**	519,541
Investment	**269,060**	295,080	**296**	556
Trading	**75,361**	76,484	**919**	1,857
Others	**55,769**	62,034	**2,327**	3,780
	832,177	939,202	**488,144**	525,734
Interests in associates	**97,827**	99,608	**–**	–
Unallocated corporate items	**39,162**	42,687	**32,675**	40,017
	969,166	1,081,497	**520,819**	565,751

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, interests in associates, certain other receivables, certain deposits placed with 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	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest income from loan receivables	**1,169**	2,291
Interest income from banks and non-bank financial institutions	**39**	166
Government subsidies	**177**	–
Dividend income	**540**	–
Sundry income	**95**	7
	2,020	2,464

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Change in fair value in financial assets at fair value through profit or loss ("FVTPL")	**(16,449)**	(1,654)
Net foreign exchange (losses)/gains	**(130)**	92
Impairment loss on a loan receivable from sale-leaseback transaction	**(15,675)**	–
Others	**–**	17
	(32,254)	(1,545)

8. TAXATION

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax expense	**462**	–
Deferred tax credit	**(77)**	(88)
Income tax expense/(credit)	**385**	(88)

9. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Directors' remuneration	**6,693**	7,054
Interest expenses (included in cost of revenue)	**14,485**	15,996
Cost of inventories sold (included in cost of revenue)	**29,924**	38,199
Depreciation of property, plant and equipment	**428**	463
Depreciation of right-of-use assets	**2,337**	2,060
Short-term lease expenses	**1,800**	1,343
Staff costs (including directors' and chief executive's emoluments)	**16,525**	18,624

10. DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: 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	
	2022	2021
	(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	**(37,614)**	(23,501)

	Number of shares	
	30 June	30 June
	2022	2021
	(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**	1,687,303

There were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2022, and hence the diluted loss per share is the same as basic loss per share.

The computation of diluted loss per share for the six months ended 30 June 2021 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. INTERESTS IN ASSOCIATES

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Unlisted investments at cost	**104,754**	104,754
Accumulated:		
Share of post-acquisition loss, net of dividends received	**(6,920)**	(5,134)
Share of post-acquisition other comprehensive expense	**(7)**	(12)
	97,827	99,608

13. FINANCE LEASE RECEIVABLES/DEPOSITS RECEIVED FROM CUSTOMERS

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Finance lease receivables	**287,781**	303,044
Less: provision for impairment losses	**(142,910)**	(149,682)
	144,871	153,362
Represented by:		
Current finance lease receivables *(note)*	**120,259**	122,782
Non-current finance lease receivables	**24,612**	30,580
	144,871	153,362

Note:

As at 30 June 2022, current finance lease receivable amounting to RMB82,000,000 (equivalent to HK$96,055,000) (31 December 2021: RMB82,000,000, equivalent to HK$100,606,000), relating to a finance lease lessee under a reorganisation process, a final restructuring plan of which had been approved by its creditors and a provincial court and was in process of execution.

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 2022, the average term of finance leases entered into is 3 years (31 December 2021: 3 years).

Amounts receivable under finance leases

	Minimum lease payments		**Present value of minimum lease payments**	
	30 June 2022 (Unaudited)	31 December 2021 (Audited)	**30 June 2022 (Unaudited)**	31 December 2021 (Audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Not later than one year	**264,782**	273,806	**259,655**	268,783
Later than one year and not later than two years	**27,699**	31,219	**26,145**	28,200
Later than two years and not later than five years	**2,038**	6,402	**1,981**	6,061
	294,519	311,427	**287,781**	303,044
Less: unearned finance income	**(6,738)**	(8,383)	**–**	–
	287,781	303,044	**287,781**	303,044
Less: impairment allowance	**(142,910)**	(149,682)	**(142,910)**	(149,682)
	144,871	153,362	**144,871**	153,362

The Group's finance leases receivables are denominated in RMB. The effective interest rates of the finance leases as at 30 June 2022 range from 5.46% to 11.00% (31 December 2021: 4.75% to 11%) per annum.

As at 30 June 2022, finance lease receivables with carrying amounts of HK$144,871,000 (31 December 2021: HK$144,774,000) 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 2022, the finance lease receivables with carrying amounts of HK$96,055,000 (31 December 2021: HK$100,606,000) were pledged as security for the Group's borrowings.

Deposits of HK$16,029,000 (31 December 2021: HK$28,746,000) 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.

14. TRADE RECEIVABLES

	30 June 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Trade receivables	**10,785**	14,386
Less: allowance for impairment	**(752)**	(752)
Trade receivables, net	**10,033**	13,634

The credit period granted to customers ranged from 0 to 60 days. As at 30 June 2022 and 31 December 2021, 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 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*
0-30 days	**2,130**	13,271
31-90 days	**2,093**	302
Over 90 days	**5,810**	61
	10,033	13,634

15. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Other receivables, deposits and prepayments	**34,704**	54,121

16. CONTINGENT CONSIDERATION RECEIVABLE

The balance represents the contingent consideration receivable in relation to the acquisition of Tripler Holdings Limited from a third party, the vendor, pursuant to the sale and purchase agreement. The amount is classified as financial assets at FVTPL and measured at fair value.

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
At beginning of year	**–**	2,553
Fair value change recognised in profit or loss	**–**	(2,553)
At end of period/year	**–**	–

17. OTHER PAYABLES AND ACCRUALS

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Accruals	**8,225**	14,645
Interest payable *(note)*	**74,535**	63,799
Other payables	**4,283**	7,116
Receipt in advance	**2,364**	4,127
	89,407	89,687

Note: As at 30 June 2022 and 31 December 2021, the balances mainly represented accrued interest cost of two back-to-back borrowings in which the leveraged finance lease transactions were defaulted.

18. SHARE CAPITAL

	Number of ordinary shares of HK$0.1 each *'000*	Nominal value *HK$'000*
Authorised:		
At 1 January 2021, 31 December 2021,1 January 2022 and 30 June 2022	**4,000,000**	400,000
Issued and fully paid:		
At 1 January 2021, 31 December 2021,1 January 2022 and 30 June 2022	**1,687,303**	168,730

19. CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 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 of the Company in the PRC. A court hearing was held in late April 2021. The loan contract was related to Qinghai Pingan High-precision Aluminum Industry Co., Ltd ("Qinghai"), 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 City, Shanxi Province which 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 to be charged at 50% of the prevailing commercial lending standard rate of the same kind in the PRC plus 15%) under the loan contracts and court fees or requested to return the case for retrial. As at 30 June 2022, the relevant carrying amount of outstanding principal and interest amounted to RMB200 million and RMB33.3 million (31 December 2021: RMB200 million and RMB27.8 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 2022 and 31 December 2021.

20. CAPITAL COMMITMENTS

	30 June 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**72**	75

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six months ended 30 June 2022 (the "Current Period"), the Group recorded revenue of HK$50.3 million as compared with HK$47.7 million for the six months ended 30 June 2021 (the "Corresponding Period"), gross profit of HK$5.3 million as compared with gross loss of HK$7.0 million in the Corresponding Period and a net loss of HK$55.5 million as compared with the net loss of HK$33.4 million in the Corresponding Period.

For the period under review, the Financial Leasing Segment recorded a segment loss of HK$36.8 million (Corresponding Period: a segment loss of HK$20.5 million) (the definition of segment profit or loss and detailed analysis set out in note 5 to the condensed consolidated financial statements). The increase in loss was mainly attributable to the recognition of impairment loss of approximately HK$15.7 million on loan receivable from sale-leaseback transaction during the Current Period (Corresponding Period: Nil).

The investment segment recorded loan interest income of HK$2.6 million (Corresponding Period: HK$2.7 million) from provision of loan facilities in Hong Kong and rental income of HK$2.8 million (Corresponding Period: HK$2.8 million) from investment properties in the PRC as revenue in Current Period. A turnaround result from a profit of HK$4.8 million in the Corresponding Period to a loss of HK$7.2 million in the Current Period was mainly due to an adverse change of fair value in financial assets at FVTPL by HK$11.2 million, as a result of a change from a gain of HK$0.9 million in the Corresponding Period to a loss of HK$10.3 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 and 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$1.7 million (Corresponding Period: HK$2.7 million), gross profit of HK$0.4 million (Corresponding Period: gross loss of HK$1.5 million) and a loss of HK$3.7 million (Corresponding Period: a loss of HK$5.6 million). Though the revenue decreased as a result of the negative impact brought by the COVID-19, the business recorded a gross profit during the Current Period due to the cost saving measures conducted by the Group. 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 of the Group includes (i) production, wholesale, distribution and trading of daily necessities, including personal care and sanitizing products as well as face masks under its own brand or as original equipment manufacturer (OEM) for other brands and related commercial activities in Hong Kong and (ii) trading of medical and health products in Hong Kong. During the Current Period, the business recorded revenue and a profit amounting to approximately HK$40.3 million and approximately HK$4.1 million respectively as compared with revenue of HK$38.0 million and a profit of HK$0.9 million in the Corresponding Period. The increase in revenue and profit was mainly attributed to the increase in sales of daily necessities and hygiene products, including ethyl alcohol, other sanitizing products and COVID-19 antigen self-test kit, as a result of the increased demand of such products and public awareness of hygiene and health during the pandemic.

After considering (i) the corporate and other expenses of HK$12.4 million as compared with HK$15.4 million in the Corresponding Period; (ii) share of profit of associates of HK$0.9 million as compared with HK$2.2 million in the Corresponding Period, and (iii) income tax expense of HK$0.4 million (Corresponding Period: income tax credit of HK$0.1 million), the Group recorded a net loss of HK$55.5 million and net loss attributable to owners of the Company of HK$37.6 million in the Current Period as compared with net loss of HK$33.4 million and net loss attributable to the owners of the Company of HK$23.5 million in the Corresponding Period.

Revenue and gross loss/profit

Generally, the revenue of the Financial Leasing Segment mainly represents (i) service fee income for financing arrangements and consultancy services and (ii) interest income generated from financial leasing and provision of loan facilities. The cost of sales 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 back-to-back borrowings from banks and other non-bank financial institutions. The main customer base primarily includes large corporations covering industries of energy resources, manufacturing, transportation and public utility construction, property management and education sectors.

For the period under review, the Financial Leasing Segment recorded revenue and gross loss of HK$2.9 million and HK$12.2 million respectively (Corresponding Period: HK$1.6 million and HK$15.0 million), representing an increase of 81.6% in revenue and a decrease of 18.3% in gross loss as compared to the Corresponding Period. The increase in revenue for the Current Period was mainly contributed by new financial leasing projects that were commenced in the last quarter of 2021. The segment has been grappling with the unfavorable operating environment in the PRC, especially the stringent regulatory oversight of the financial lease industry which makes it difficult for the segment to source back-to-back credit from banks to leverage prospective transactions. The Group has cautiously applied its own capital to finance the business in this segment and thus reduced the business volume. The gross loss was incurred primarily because of the negative net interest spread of two financial leasing projects on recourse basis where the interest cost accrued from the borrowings was greater than the income from the respective defaulted receivables. The magnitude of such outnumbered the gross profit from other projects of the segment.

Under the investment segment, the money lending business and property leasing business recorded total revenue and gross profit both at HK$5.5 million in Current Period (Corresponding Period: both at HK$5.5 million). The revenue in this segment represents loan interest income from the provision of loan facilities carried out by a licensed subsidiary of the Company in Hong Kong and rental income from letting out office properties in Shanghai and Liaoning in the PRC. The segment revenue and gross profit maintained at similar level as compared with the Corresponding Period.

The Food Additives Business recorded revenue of HK$1.7 million and gross profit of HK$0.4 million during the Current Period (Corresponding Period: revenue of HK$2.7 million and gross loss of HK$1.5 million). The revenue and cost of sales of the business mainly represent the sales income and manufacturing cost of solid sorbitol and compound food additives from the production base in the Liaoning province, the PRC, respectively. The analysis on the segment revenue and the gross profit/loss position are as set out in the previous paragraph.

The Trading Segment recorded revenue and gross profit amounting to HK$40.3 million and HK$11.7 million respectively (Corresponding Period: HK$38.0 million and HK$3.9 million), out of which HK$28.2 million in revenue and HK$11.2 million in gross profit (Corresponding Period: HK$10.4 million in revenue and HK$3.4 million in gross profit) were contributed by the sale of daily necessities and hygiene products. The analysis of performance of the Trading Segment 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, interest income from bank and non-bank financial institutions, dividend income, and the government subsidies of the employment support scheme launched by the Hong Kong government. The decrease was primarily due to the decrease in interest income from trust products.

Other gains and losses

The other gains and losses for the Current Period amounted to a net loss of HK$32.3 million (Corresponding Period: HK$1.5 million), mainly comprising of fair value loss on financial assets at FVTPL of HK$16.4 million (Corresponding Period: HK$1.7 million), impairment loss on loan receivable from sale-leaseback transaction of HK$15.7 million (Corresponding Period: Nil). Please refer to note 7 to the 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$31.1 million, slightly up by HK$1.6 million as compared to the Corresponding Period, mainly comprising of staff costs of HK$16.5 million (including directors' and chief executive's emoluments) (Corresponding Period: HK$18.6 million), rental expenses, legal and professional fees, depreciation of property, plant and equipment and various other administrative expenses.

Finance cost

The Group's finance cost of HK$13,000 (Corresponding Period: HK$63,000) represented interest on 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$0.9 million as compared with a profit of HK$2.2 million in the Corresponding Period representing the share of profits of two associates (Corresponding Period: three).

Income taxation

Income tax expense for the Current Period amounted to HK$0.4 million (Corresponding Period: income tax credit of HK$0.1 million), mainly comprising of (i) a deferred tax credit of HK$0.1 million (Corresponding Period: HK$0.1 million) and (ii) a provision of current tax expense for the Current Period of HK$0.5 million in Hong Kong (Corresponding Period: Nil).

FINANCIAL POSITION

The total asset amount of the Group as at 30 June 2022 amounted to HK$969.2 million, representing a decrease of HK$112.3 million as compared with HK$1,081.5 million as at 31 December 2021. The decrease in total asset was mainly due to the repayment of and impairment loss provided on loan receivables during the Current Period, decrease in other receivables, deposits and prepayment, and decrease in balance of financial assets at FVTPL (mainly as a result of fair value losses during the Current Period). As at 30 June 2022, the Group's total liabilities dropped by HK$45.0 million to HK$520.8 million from HK$565.8 million as at 31 December 2021. Such decrease was mainly due to the repayment of deposit received from a customer upon the settlement of respective finance lease receivable from such customer, the drop of total borrowings by HK$31.1 million to HK$392.6 million from HK$423.7 million as at 31 December 2021. The decrease in both total assets and total liabilities of the Group was also contributed by the decrease in exchange rate of RMB/HK$ (i.e. depreciation of RMB against HK$) used to translate the amounts of assets and liabilities of the Group's PRC subsidiaries from RMB to HK$ for the preparation of the condensed consolidated financial statements.

The gearing ratios (which is calculated from the total liabilities over total asset) slightly increased from 52.3% as at 31 December 2021 to 53.7% as at 30 June 2022. The current ratios (which is calculated from total current assets over total current liabilities) remained almost unchanged at 0.9 as at 30 June 2022 (31 December 2021: 0.9).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2022, the Group had cash and cash equivalents, restricted bank deposits, and deposits placed with non-bank financial institutions of approximately HK$48.6 million (of which HK$17.6 million was pledged to the banks to secure bank borrowings granted to the Group for financial leasing business (31 December 2021: HK$18.4 million)) as compared to HK$55.3 million as at 31 December 2021. As at 30 June 2022, the Group had bank borrowings amounting to HK$392.6 million (31 December 2021: bank and other borrowings amounting to HK$423.7 million) which were all due within one year.

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 exposure to fluctuation in exchange rates in foreign currency as material transactions such as revenue and cost of sales were denominated in local currencies in which the relevant entities operated. The Group did not enter into any foreign exchange hedging transactions or instruments during both periods.

CREDIT EXPOSURE

The Group's major credit risk is primarily attributable to finance lease receivables and loan receivables. They are mostly derived from two types of money lending services, namely the financial leasing services in the PRC carried out by non-wholly owned subsidiaries, Beijing Ever Grand International Financial Leasing Co. Limited ("BJEG") and its subsidiaries, and the loan financing services carried out by a wholly owned subsidiary, TF Advances Limited, in Hong Kong.

Any deterioration in collectability of the finance lease receivables and loan receivables and the underlying quality of leased assets and collaterals could adversely affect the Group's business and financial conditions. In order to mitigate the credit risk, the Group has established proper policies and procedures to safeguard the Group's assets, details of which were set out on pages 12 to 19 under the section headed "FINANCING BUSINESS AND CREDIT EXPOSURE" of the Company's 2021 annual report dated 31 March 2022 (the "2021 Annual Report").

As at 30 June 2022, there were two credit-impaired receivables related to two recourse finance lease projects, namely (i) Qinghai Pingan High-precision Aluminum Industry Co., Ltd. (“Qinghai”) project with net principal amount of RMB200.0 million or equivalent to HK$234.3 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, and (ii) Sanya Phoenix International Airport Company Limited (“Sanya”) project, at a principal amount of RMB135.0 million or equivalent to HK$158.1 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. More details of the background and default histories of these two projects, and the basis of assessment on expected credit losses (“ECL”) were set out in the Company’s supplemental announcement to the 2020 annual report dated 3 September 2021, and pages 21 to 23 under the section headed “EXPECTED CREDIT LOSS (“ECL”) OF FINANCE LEASE AND LOAN RECEIVABLES” of the Company’s 2021 Annual Report. Further to the reorganisation orders against Qinghai, Sanya and the related guarantors granted by PRC courts, the restructuring plans had been approved by the respective creditors and provincial courts in 2021 and was in process of execution which the Group is pending to confirm and claim the relevant compensations under the restructuring plans up to the date of this announcement.

As at 30 June 2022, the Group assessed the recoverability of the receivables from Qinghai and Sanya under the same ECL assessment as that at 31 December 2021 which was based on probability-weighted expected credit losses of multiple possible events model adopted in accordance with HKFRS 9, which involves 4 key parameters, namely (i) exposure at default; (ii) probability of default; (iii) loss given default (“LGD”) or 100% minus recovery rate upon default; and (iv) discount rate.

As at 30 June 2022, there were no material changes in the values of key inputs for the ECL assessment on receivable from Qinghai and hence the provision for impairment loss for such receivable remained unchanged at RMB118.0 million (31 December 2021: RMB118.0 million) or equivalent to HK$138.2 million (31 December 2021: HK$144.8 million). For the receivable from Sanya, the provision for impairment loss increased from RMB84.0 million (equivalent to HK$103.1 million) as at 31 December 2021 to RMB97.0 million (equivalent to HK$113.6 million) due to the increase in LGD from 62.2% to 71.9%.

In response to the two defaulted customers of the recourse business, the Group has taken 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 with appointed administrator and negotiation with all relevant contracting parties like customers and banks to mitigate the risk exposure of the Group from credit loss of the defaults.

CHARGE OF ASSETS

As at 30 June 2022, the restricted bank deposits of HK$17.6 million (31 December 2021: HK$18.4 million) and the finance lease receivables of HK$96.1 million (31 December 2021: HK$100.6 million) were pledged to the banks and other non-bank financial institutions for facilities granted to the Group.

As at 31 December 2021, the Group's 51.39% equity interest in Ever Grand (Tianjin) Finance Lease PRC Co., Ltd. was pledged to secure a borrowing facility to finance prospective finance lease transactions, which did not materialize later and the facility had never been utilised. The share charge was subsequently discharged on 24 January 2022.

CONTINGENT LIABILITIES

As at 30 June 2022 and 31 December 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 BJEG, a non-wholly owned subsidiary of the Company in the PRC. A court hearing was held in late April 2021. The loan contract was related to Qinghai, 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 City, Shanxi Province which 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 to be charged at 50% of the prevailing commercial lending standard rate of the same kind in the PRC plus 15%) under the loan contracts and court fees or requested to return the case for retrial. As at 30 June 2022, the relevant carrying amount of outstanding principal and interest amounted to RMB200 million and RMB33.3 million (31 December 2021: RMB200 million and RMB27.8 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.

Save as disclosed hereinabove, the Group had no other material contingent liabilities as at 30 June 2022 and 31 December 2021.

CAPITAL COMMITMENTS

As at 30 June 2022, the Group had capital commitments of HK$0.1 million (31 December 2021: HK$0.1 million) for the acquisition of property, plant and equipment.

PROSPECT

Looking ahead, the general economies and the Group's operations are still challenging. In China where the Group's financial leasing business is operated, the continuous outbreak of the new COVID-19 variant, Omicron, has led to serious disruptions in economic activities in various cities of China. Although the PRC government has taken various fiscal and monetary measures to boost the economy, coupled with the geopolitical tensions which looms over the long-term prosperity of China and a threat of deglobalization, China's sustainable economic growth will depend on the success of economic rebalancing toward consumption, services, and green investments, which places further reliance on markets and private sector initiative collaborated with necessary government supports. In Hong Kong where the Group has been placing emphasis on domestic consumption market especially on the consumer products found in pharmacies, following the fifth wave of outbreak of Omicron variant of COVID-19 pandemic in the first quarter this year which hit the city hard, most of the domestic commercial activities have gradually resumed normal. Yet, there are still thousands of new infections every day. The future local economy lies on the success in controlling the number of new infections, the reopening of the borders, especially with China, and the political stability.

As to the Financial Leasing Segment, it has been exploring new business models to thrive under the prevailing regulatory requirements and targeting customers in some promising sectors like green energy, environment friendly and mechanic and engineering. In the course of exploring new business models, attention has been diverted to coping with the two defaulted finance lease projects and devising the exit plans to get the segment off the hook. Since the restructuring plans of the two defaulted customers had been approved by the courts and their creditors which were in progress of execution, a greater effort has also been put to sort out the creditors of these two defaulted recourse businesses especially in mitigating the risk of litigation brought or to be brought by them. It involves enormous amounts of negotiations with the creditors and gathering favorable admissible evidences to prepare for a legal battle with an aim to get the segment off the deal structure or/and reach out of court settlement. Having considered the difficulty to source back-to-back credit from banks and the uncertainty in the outcome of a pending litigation of the alleged breach of a RMB200 million loan contract brought by EXIM Bank, the Financial Leasing Segment will prudently and cautiously apply its own capital to finance the business and preserve reasonable level of liquid assets in order to safeguard the interests of the Group. At the same time, it continues to adhere to the risk management and control policies to critically evaluate any potential adverse change in credit risk of other existing finance projects and promptly take recovery actions in a bid to safeguard 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 will 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, with a high cost profile of the manufacturing process, such as the surge in raw material price of sorbitol, it is uneasy to shift the burden to customers and thus the gross profit is suppressed. In the mid to long term, the primary focus still remains on increasing the production capacity of solid sorbitol through establishment of one or more new production lines in order to tackle the persistent problem of economic of scale and build up the bargaining power with customers and suppliers. The expansion plan has been subject to new fresh capital. In the meantime, the segment will continue to enhance the production stability, broaden the customer base in different provinces and industries, optimize the production process to reduce operating costs, and conduct research and development of new products.

As to the Trading Segment, it will emphasize on product diversification, various distribution channels (including e-commence platforms) and widening customer base in different territories to bolster the business volume. In addition, seeking partnerships with various healthcare companies and other commercial business partners allows the segment to expand its product line into the fields of maternal and child healthcare as well as medicines, and into different types of customers. Leveraging a wholesaler licence in proprietary Chinese medicines ("PCMs"), the Group seeks 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 the personal network and expertise in the industry, establishment of extensive distribution network of small and medium dispensaries in Hong Kong and the public awareness of hygiene and health during the pandemic, the future demand for health and hygiene products, personal care and other medical products that the segment offers looks promising. The Group will remain committed to cultivate the business and consider 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 shareholders' value as a whole.

SIGNIFICANT INVESTMENTS AND MATERIAL DISPOSALS

At 30 June 2022, the Group held loan receivables (excluding from a loan receivable from sale-leaseback transaction and those from money lending business) of HK$29.8 million (31 December 2021: HK$40.0 million), equity investments at fair value through other comprehensive income ("FVTOCI") of HK$97.8 million (31 December 2021: HK$108.8 million) and financial assets at FVTPL of approximately HK$129.3 million (31 December 2021: HK$147.1 million).

With addition of HK$3.5 million of loan receivables in the Current Period (Corresponding Period: Nil), the balance as at 30 June 2022 comprised of investments in trust products with 1 to 3 years terms issued by financial institutions in the PRC. The Group recorded loan interest income from loan receivables amounting to HK$1.2 million (Corresponding Period: HK$2.3 million) and no impairment loss on the loan receivables (Corresponding Period: Nil).

The equity investments at FVTOCI of HK$97.8 million as at 30 June 2022 (31 December 2021: HK$108.8 million) represented unlisted equity securities issued by the PRC and Hong Kong private entities with operations including manufacturing and sales of medical device, genetic testing service, power batteries, aerospace related equipments in the PRC, licensed money lending and manufacturing and sale of packaging products in Hong Kong and the PRC, and the Securities and Futures Commission (the "SFC") licensed business activities of type 1, 2, 4, 5 and 9 in Hong Kong. There was a fair value loss of HK$4.8 million recognised through other comprehensive income in Current Period (Corresponding Period: HK$11.6 million) and no dividend income was recognised to profit or loss for both periods from the equity investments at FVTOCI.

The equity investments at FVTOCI as at 30 June 2022 included the equity investment of 55,500,000 shares of Imagi Brokerage Limited ("Imagi Brokerage"), representing approximately 9.69% of the total issued shares of it (as at 31 December 2021: 55,500,000 shares or 9.69%), whose fair value was HK$41.6 million or approximately 4.29% of the Group's total asset (31 December 2021: HK$55.7 million or approximately 5.15%) and the cost was HK$74.3 million. Imagi-Brokerage 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$14.1 million recognised to other comprehensive income in the Current Period (Corresponding Period: HK$13.3 million), which is mainly due to drop in valuation of market comparables though the financial performance of the investee was profitable in the Current Period. The purpose of the investment is mainly to bring returns to the Group by dividends and capital growth.

The Group held no single significant investment, classified as the equity investments at FVTOCI, in any investee company with a value of 5% or more of the Group's total assets as at 30 June 2022.

Other than Imagi Brokerage, the Group held no other single significant investment, classified as the equity investments at FVTOCI, in any investee company with a value of 5% or more of the Group's total assets as at 31 December 2021.

The financial assets at FVTPL of HK$129.3 million as of 30 June 2022 (31 December 2021: HK$147.1 million) comprised of (i) 9 different unlisted fund and equity products in the PRC of HK$66.5 million (31 December 2021: 10 different unlisted fund and equity products in the PRC of HK$72.2 million) and (ii) numerous listed equity shares and bonds of HK$62.8 million in the Hong Kong and the Chinese stock exchanges (31 December 2021: HK$74.9 million). There was a fair value loss of HK$16.4 million (Corresponding Period: HK$1.7 million) and dividend income of HK$0.5 million (Corresponding Period: Nil) recognised to profit or loss in the Current Period.

The Group held no single investment classified as the financial assets at FVTPL with a value of 5% or more of the Group's total assets as at 31 December 2021 and 30 June 2022.

As at 30 June 2022, the Group held two investment properties with aggregate fair value of HK$135.9 million (31 December 2021: HK$142.4 million) let out for rental income in Shanghai and Liaoning the PRC. During the Current Period, the Group recorded total rental income of HK$2.8 million (Corresponding Period: HK$2.8 million) and no change in fair value (Corresponding Period: Nil).

Shanghai property is a 3-storey industrial building located in 188 Xinjunhuan Road, Minhang District, Shanghai, the PRC.

Liaoning property is an industrial development complex with 4 industrial buildings located in Taoci Industrial Zone, Qigong Community, Wan Shou Street, Jianping County, Chaoyang City, Liaoning Province, the PRC.

The Board is of the view that reasonable and effective use of temporary idle funds will better utilise the idle resources and enhance the overall capital gain of the Group. The investments were made for treasury management purpose with a view to increasing the return on the unutilised funds of the Group and generating better investment return to the Company and its shareholders as a whole after taking into account, among others, the level of risk and return on investment. Prior to making such investments, the Group had ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments. The Board considers that they are conservative investments with a satisfactory expected return, acceptable risk and high liquidity, are in line with the internal risk management and treasury management of the Group, and have not caused any adverse impact on the working capital of the Group. As part of its treasury management, the Group has been closely monitoring the performance of the investments and its cash flow position.

There were no material acquisitions or disposals of subsidiaries and associated companies during the Current Period.

EMPLOYEE AND REMUNERATION

As at 30 June 2022, the Group had approximately 62 (31 December 2021: 98) 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. The Group offers induction trainings to new employees and gives regular trainings to existing employees for updating their skills and knowledge.

The share option scheme adopted by the Company on 29 July 2016 were expired on 29 July 2021. As such, there was no share option outstanding as at 30 June 2022 and 31 December 2021.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this announcement, the Group did not have any significant events after the reporting period.

UPDATE ON USE OF PROCEEDS 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 new shares under general mandate and change in use of proceeds from the placing (collectively refer as to "Announcements"), the 2020 interim report dated 26 August 2020, the 2021 interim report dated 25 August 2021 and 2021 Annual Report. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as those defined in the Announcements. Part of the net proceeds (the "Net Proceeds") from placing were applied up to 30 June 2022 and are intended to be applied in accordance with the revised proposed application set out in the Announcements. The below table sets out the details of the application of the Net Proceeds:

	Total revised planned use of Net Proceeds *(HK$' million)*	**Actual use of Net Proceeds as at 1 January 2022** *(HK$' million)*	**Actual use of Net Proceeds as at 30 June 2022** *(HK$' million)*	**Unutilised amount of Net Proceeds as at 30 June 2022** *(HK$' million)*	**Expected timeline for the intended use**
Improving and enhancing the existing production lines for Food Additives Business	4.7	–	–	4.7	31 December 2023
Working capital of the Food Additives Business	6.3	(6.3)	–	–	–
Purchasing the medical, health and hygiene products for trading purpose	15.0	(15.0)	–	–	–
General Working Capital of the Group	6.2	(6.2)	–	–	–
	32.2	(27.5)	–	4.7	

Due to the continuous outbreak of the COVID-19 Pandemic which disrupted the Food Additives Business, there has been a delay in the application of the unutilised proceeds allocated to improving and enhancing the existing production lines for Food Additives Business to 31 December 2023. The remaining unutilised proceeds of HK$4.7 million allocated to improving and enhancing the existing production lines for Food Additives Business has been deposited into bank accounts in Hong Kong.

UPDATES ON THE RESULT OF PROFIT GUARANTEE AFTER ACQUISITION

Reference is made to the Company's announcements on 29 July 2020 and 21 August 2020 and page 31 of the 2021 Annual Report in relation to acquisition of the entire issued shares in Tripler Holdings Limited ("Tripler") involving issue of consideration shares under general mandate and an announcement dated 3 September 2021 in relation to the fulfillment of the profit guarantee for the year ended 31 December 2020.

The Company received the audited accounts of Tripler for the year ended 31 December 2021 and the Board is pleased to confirm that the profit guarantee of not less than HK$6.5 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 2022, the Company has complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules, except for the deviation as below:

Code Provision E.1.2

Code provision E.1.2 requires that the terms of reference of Remuneration Committee should include, among others, to make recommendations to the Board on senior management remuneration. Currently, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "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. Having made specific enquiries, all directors confirmed that they have complied with the required standards set out in the Model Code throughout the review period.

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 2022 have been reviewed and approved by the audit committee.

PUBLICATON OF INTERIM RESULTS AND REPORT

This interim results announcement is published on the websites of the Company (www.egichk.com) and the Stock Exchange (www.hkexnews.hk). The 2022 interim report containing all the information required by the Listing Rules will be despatched to the shareholders and made available on the aforesaid websites in due course.

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

Hong Kong, 29 August 2022

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. Lo Tsun Yu, Mr. Ho Hin Yip, Mr. U Keng Tin and Mr. Leung Yiu Ming, David as independent non-executive directors.