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**首惠产融**  
**首惠產業金融服務集團有限公司\***  
**CAPITAL INDUSTRIAL FINANCIAL SERVICES GROUP LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
 (Stock Code: 730)

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**INTERIM RESULTS**

The board of directors (the “Board”) of Capital Industrial Financial Services Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2022. These interim results have been reviewed by the audit committee of the Board of the Company (“Audit Committee”) and the Company’s auditor.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
		<b>(Unaudited)</b>	(Unaudited)
Revenue under sale and leaseback arrangements and entrusted loan payment interest income	4	<b>43,445</b>	43,303
Revenue from supply chain management business	4	<b>79,818</b>	1,079,148
Consultancy service income and property leasing income	4	<u><b>2,332</b></u>	<u>1,768</u>
<b>Total revenue</b>		<b>125,595</b>	1,124,219
Cost of sale and leaseback arrangements		<b>(5,274)</b>	(6,031)
Cost of supply chain management business		<u><b>(72,992)</b></u>	<u>(1,066,027)</u>

		<b>Six months ended 30 June</b>	
		<b>2022</b>	2021
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Gross profit</b>		<b>47,329</b>	52,161
Other income	5	<b>3,536</b>	2,798
Other gains		<b>5,464</b>	–
Selling expenses		<b>(1,208)</b>	(1,346)
Administrative expenses		<b>(23,663)</b>	(25,443)
Change in fair value of investment properties		<b>2,927</b>	500
Change in fair value of financial assets at fair value through profit or loss		<b>(945)</b>	517
(Provision for)/reversal of provision for impairment of receivables, net		<b>(4,382)</b>	263
<b>Operating profit</b>		<b>29,058</b>	29,450
Finance costs	7	<b>(2,333)</b>	(1,904)
Share of profit/(loss) of an associate	15	<b>441</b>	(219)
<b>Profit before income tax</b>		<b>27,166</b>	27,327
Income tax expense	8	<b>(9,598)</b>	(9,405)
<b>Profit for the period</b>	6	<b><u>17,568</u></b>	<b><u>17,922</u></b>
<b>Profit is attributable to:</b>			
Owners of the Company		<b>9,302</b>	11,418
Non-controlling interests		<b>8,266</b>	6,504
		<b><u>17,568</u></b>	<b><u>17,922</u></b>

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>17,568</b>	17,922
<b>Other comprehensive (loss)/income</b>		
<i>Items that have been/may be reclassified to profit or loss:</i>		
Change in fair value of debt instruments at fair value through other comprehensive income	–	(222)
<i>Items that will not be reclassified to profit or loss:</i>		
Revaluation of building upon transfer from property, plant and equipment to investment properties	–	38
Currency translation differences	<b>(62,685)</b>	(860)
Share of currency translation difference of an associate for using equity method	<b>(3,253)</b>	38
<b>Other comprehensive loss for the period</b>	<b>(65,938)</b>	(1,006)
<b>Total comprehensive (loss)/income for the period</b>	<b>(48,370)</b>	16,916
<b>Total comprehensive (loss)/income attributable to:</b>		
Owners of the Company	<b>(43,657)</b>	10,461
Non-controlling interests	<b>(4,713)</b>	6,455
	<b>(48,370)</b>	16,916
<b>Earnings per share</b>		
Basic and diluted ( <i>HK cents</i> )	<i>9</i>	
	<b>0.23</b>	0.29

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

		30 June 2022	31 December 2021
	<i>Notes</i>	<b>HK\$'000</b> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	1,237	1,516
Right-of-use assets		14,261	16,807
Investment properties	11	143,600	144,498
Intangible assets	12	63,837	67,107
Interests in an associate	15	88,126	92,930
Receivables under sale and leaseback arrangements	13	117,349	319,749
Financial assets at fair value through profit or loss		3,394	4,339
Prepayments		3,828	4,226
Deferred tax assets		<u>1,945</u>	<u>2,661</u>
<b>Total non-current assets</b>		<u><b>437,577</b></u>	<u>653,833</u>
<b>Current assets</b>			
Receivables under sale and leaseback arrangements	13	1,109,685	1,030,623
Inventories		34,095	3,542
Trade and bill receivables	14	21,159	31,489
Prepayments, deposits and other receivables		267,548	219,013
Cash and cash equivalents		<u>459,404</u>	<u>387,095</u>
<b>Total current assets</b>		<u><b>1,891,891</b></u>	<u>1,671,762</u>
<b>Total assets</b>		<u><b>2,329,468</b></u>	<u>2,325,595</u>

		<b>30 June</b>	31 December
		<b>2022</b>	2021
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>EQUITY</b>			
Share capital	17	39,846	39,846
Reserves		<u>1,442,200</u>	<u>1,497,811</u>
<b>Capital and reserves attributable to owners of the Company</b>		<b>1,482,046</b>	1,537,657
Non-controlling interests		<u>346,144</u>	<u>352,722</u>
<b>Total equity</b>		<u><b>1,828,190</b></u>	<u>1,890,379</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Secured bank borrowings	16	20,589	94,319
Lease liabilities		11,151	13,686
Deferred tax liabilities		<u>11,037</u>	<u>10,850</u>
<b>Total non-current liabilities</b>		<u><b>42,777</b></u>	<u>118,855</u>
<b>Current liabilities</b>			
Trade and bill payables, accruals and other payables		120,724	68,502
Current tax liabilities		30,165	31,425
Secured bank borrowings	16	283,246	196,603
Security deposits received		1,471	6,098
Contract liabilities		18,940	10,115
Lease liabilities		<u>3,955</u>	<u>3,618</u>
<b>Total current liabilities</b>		<u><b>458,501</b></u>	<u>316,361</u>
<b>Total liabilities</b>		<u><b>501,278</b></u>	<u>435,216</u>
<b>Total equity and liabilities</b>		<u><b>2,329,468</b></u>	<u>2,325,595</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The functional currency of the Company is Renminbi (“RMB”) while this condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. Exchange differences relating to the translation of the assets and liabilities of the subsidiaries with the same functional currency with the Company (i.e. RMB) to the presentation currency of the Group (i.e. HK\$) are recognised directly in other comprehensive income and accumulated translation reserve. Such exchange differences accumulated in the translation reserve are not reclassified to profit or loss subsequently.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2021.

## 2 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards and interpretation as set out below.

### Amended standards adopted by the Group

The Group has applied the following amended standards for the first time for the financial reporting period beginning 1 January 2022:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to HKFRS Standards 2018 to 2020
Amendments to Accounting Guideline 5	Merger Accounting for Common Control Combinations

### 3 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing the condensed consolidated interim financial information, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

### 4 SEGMENT INFORMATION

The chief operating decision-maker ("CODM") has been identified as the Executive Directors. The Executive Directors review the Group's internal report in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from service perspective and assess the performance of the operating segments based on a measure of adjusted profit before income tax before unallocated income/expenses for the purpose of allocating resources and assessing performance.

The Group is currently organised into four operating divisions: sale and leaseback arrangements services, property leasing services, assets management and consultancy services and supply chain management business.

	Sale and leaseback arrangements services <i>HK\$'000</i>	Property leasing services <i>HK\$'000</i>	Assets management and consultancy services <i>HK\$'000</i>	Supply chain management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended 30 June 2022</b>					
<b>(Unaudited)</b>					
Revenue under sale and leaseback arrangements and entrusted loan payment interest income	43,384	-	61	-	43,445
Revenue from supply chain management services	-	-	-	6,528	6,528
Revenue from trading of goods	-	-	-	73,290	73,290
Property leasing income ( <i>Note</i> )	1,993	339	-	-	2,332
Segment revenue	<u>45,377</u>	<u>339</u>	<u>61</u>	<u>79,818</u>	<u>125,595</u>
Segment results	<u>40,276</u>	<u>(579)</u>	<u>(1,247)</u>	<u>2,053</u>	<u>40,503</u>

*Note:*

The Group's investment properties and the relevant property leasing income are allocated based on the reportable segments which manage those investment properties.

	Sale and leaseback arrangements services <i>HK\$'000</i>	Property leasing services <i>HK\$'000</i>	Assets management and consultancy services <i>HK\$'000</i>	Supply chain management business <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the six months ended 30 June 2021 (Unaudited)					
Revenue under sale and leaseback arrangements	43,303	-	-	-	43,303
Revenue from supply chain management services	-	-	-	7,319	7,319
Revenue from trading of goods	-	-	-	1,071,829	1,071,829
Property leasing income	-	309	-	-	309
Consultancy service income	-	-	1,459	-	1,459
Segment revenue	<u>43,303</u>	<u>309</u>	<u>1,459</u>	<u>1,079,148</u>	<u>1,124,219</u>
Segment results	<u>32,325</u>	<u>829</u>	<u>415</u>	<u>7,178</u>	<u>40,747</u>

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
<b>Segment results</b>	<b>40,503</b>	40,747
<b>Unallocated</b>		
Central administration costs	<b>(11,217)</b>	(13,263)
Changes in fair value of financial assets at fair value through profit or loss ("FVPL")	<b>(945)</b>	517
Other income ( <i>Note</i> )	<b>225</b>	554
Finance costs	<b>(1,841)</b>	(1,009)
Share of profit/(loss) of an associate	<b>441</b>	(219)
Profit before tax	<u><b>27,166</b></u>	<u>27,327</u>

*Note:*

Unallocated other income represents interest income from debt instruments at fair value through other comprehensive income ("FVOCI") and bank deposits held by investment holding companies.



The following is an analysis of the Group's assets and liabilities by segment:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Segment assets</b>		
Sale and leaseback arrangements services	<b>1,609,919</b>	1,699,823
Supply chain management business	<b>371,423</b>	325,913
Property leasing services	<b>38,178</b>	38,784
Assets management and consultancy services	<b>55,103</b>	58,696
	<hr/>	<hr/>
Total segment assets	<b>2,074,623</b>	2,123,216
Interests in an associate	<b>88,126</b>	92,930
Financial assets at FVPL	<b>3,394</b>	4,339
Other unallocated assets	<b>163,325</b>	105,110
	<hr/>	<hr/>
Consolidated assets	<b>2,329,468</b>	2,325,595
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	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Segment liabilities</b>		
Sale and leaseback arrangements services	<b>226,304</b>	292,669
Supply chain management business	<b>96,332</b>	42,003
Property leasing services	<b>114</b>	169
Assets management and consultancy services	<b>261</b>	673
	<hr/>	<hr/>
Total segment liabilities	<b>323,011</b>	335,514
Unallocated secured bank borrowings	<b>153,877</b>	85,315
Other unallocated liabilities	<b>24,390</b>	14,387
	<hr/>	<hr/>
Consolidated liabilities	<b>501,278</b>	435,216
	<hr/> <hr/>	<hr/> <hr/>

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

- all assets are allocated to reportable segments other than interests in an associate, financial assets at FVPL and other unallocated assets (including primarily unallocated property, plant and equipment, cash and cash equivalents, deferred tax assets and prepayments).
- all liabilities are allocated to reportable segments other than unallocated secured bank borrowings not for sale and leaseback arrangements services and other unallocated liabilities (including primarily unallocated accruals and other payables, lease liabilities and deferred tax liabilities).

## 5 OTHER INCOME

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Interest income		
– bank deposits	3,351	1,280
– term deposits	–	663
– debt instruments at FVOCI	–	412
	<u>3,351</u>	<u>2,355</u>
Government grant ( <i>Note</i> )	88	339
Others	<u>97</u>	<u>104</u>
	<u><u>3,536</u></u>	<u><u>2,798</u></u>

*Note:* During the six months ended 30 June 2022, government grant of HK\$88,000 was received from the Government of the Hong Kong Special Administrative Region under the Employment Support Scheme. During the six months ended 30 June 2021, subsidies and awards of approximately HK\$339,000 was received from the relevant authorities in the People's Republic of China (the "PRC") which is an incentive payment to the Group whereby no future related cost is required or expected to be made.

## 6 PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
<b>Profit for the period has been arrived at after charging:</b>		
Legal and professional fees	469	1,332
Employee benefit expenses	14,665	13,789
Depreciation of property, plant and equipment	351	850
Amortisation of intangible assets	920	1,454
Depreciation of right-of-use assets	<u>2,197</u>	<u>1,726</u>

## 7 FINANCE COSTS

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Interest on bank borrowings and bill receivables	6,381	6,400
Less: amounts included in cost of sale and leaseback arrangements	<u>(4,388)</u>	<u>(4,527)</u>
	<b>1,993</b>	<b>1,873</b>
Interest on lease liabilities	<u>340</u>	<u>31</u>
	<u><b>2,333</b></u>	<u><b>1,904</b></u>

## 8 INCOME TAX EXPENSE

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Current tax:		
– Hong Kong	–	–
– PRC	<u>8,381</u>	<u>9,315</u>
	<b>8,381</b>	<b>9,315</b>
Under-provision/(over-provision) in prior periods:		
– Hong Kong	–	33
– PRC	<u>–</u>	<u>(1,214)</u>
	–	(1,181)
Deferred income tax	<u>1,217</u>	<u>1,271</u>
Income tax expense	<u><b>9,598</b></u>	<u><b>9,405</b></u>

*Note:* Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the six months ended 30 June 2022 (six months ended 30 June 2021: 25%).

## 9 EARNINGS PER SHARE

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

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to owners of the Company (HK\$'000)	<u>9,302</u>	<u>11,418</u>
Weighted average number of ordinary shares (thousand)	<u>3,984,640</u>	<u>3,984,640</u>
Basic earnings per share (expressed in HK cents per share)	<u>0.23</u>	<u>0.29</u>

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. No diluted earnings per share for the six months ended 30 June 2022 and 2021 as there was no dilutive potential share during the periods.

## 10 MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group had addition of property, plant and equipment of approximately HK\$53,000 (six months ended 30 June 2021: HK\$12,000).

## 11 INVESTMENT PROPERTIES

	30 June 2022 HK\$'000 (Unaudited)	31 December 2021 HK\$'000 (Audited)
	Recurring fair value measurements	
Residential property units located in Hong Kong	37,600	38,400
Commercial property units located in Mainland China	<u>106,000</u>	<u>106,098</u>
	<u>143,600</u>	<u>144,498</u>

For the six months ended 30 June 2022, unrealised gain relating to investment properties amounted to HK\$2,927,000 (six months ended 30 June 2021: HK\$500,000) is recognised in profit or loss.

All of the Group's property interests held to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at 30 June 2022 and 31 December 2021 have been arrived at on the basis of a valuation carried out on those dates by Greater China Appraisal Limited, an independent qualified professional valuer not connected with the Group. Greater China Appraisal Limited is a registered firm of Hong Kong Institute of Surveyors, and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in the same location and conditions and where appropriate by capitalisation of rental income from properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

## 12 INTANGIBLE ASSETS

	<b>Goodwill</b> <i>HK\$'000</i>	<b>Supply chain financing platform</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>At 31 December 2021 (Audited)</b>			
Cost	61,497	13,083	74,580
Accumulated amortisation	—	(7,473)	(7,473)
<b>Net book value</b>	<b><u>61,497</u></b>	<b><u>5,610</u></b>	<b><u>67,107</u></b>
<b>Six months ended 30 June 2022 (Unaudited)</b>			
Opening net book amount	61,497	5,610	67,107
Amortisation charge	—	(920)	(920)
Exchange difference	(2,171)	(179)	(2,350)
Closing net book value	<b><u>59,326</u></b>	<b><u>4,511</u></b>	<b><u>63,837</u></b>
<b>At 30 June 2022 (Unaudited)</b>			
Cost	59,326	12,621	71,947
Accumulated amortisation	—	(8,110)	(8,110)
<b>Net book value</b>	<b><u>59,326</u></b>	<b><u>4,511</u></b>	<b><u>63,837</u></b>

Goodwill has been allocated to three individual cash generating units ("CGU"), comprising:

- Sale and leaseback arrangements services segment – South China International Leasing Co., Ltd. ("South China Leasing"),
- Assets management and consultancy services segment – 北京首華方泰投資管理有限公司 (Beijing Shouhua Fangtai Investment Management Co., Ltd.\*), and
- Supply chain management business segment – 北京京西供應鏈管理有限公司 (Beijing Jingxi Supply Chain Management Co., Ltd.\*).

During the six months ended 30 June 2022 and 2021, the directors determine that there is no impairment of the CGU represented by sale and leaseback arrangements services, assets management and consultancy services and supply chain management business.

### 13 RECEIVABLES UNDER SALE AND LEASEBACK ARRANGEMENTS

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Current assets	<b>1,109,685</b>	1,030,623
Non-current assets	<b>117,349</b>	319,749
	<b><u>1,227,034</u></b>	<u>1,350,372</u>

At 30 June 2022, the Group's receivables under sale and leaseback arrangements were repayable as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Within one year	<b>1,109,685</b>	1,030,623
Between 1 and 2 years	<b>117,349</b>	296,499
Between 2 and 3 years	<b>–</b>	23,250
	<b>1,227,034</b>	1,350,372
Overdue receivables under sale and leaseback arrangements	<b>–</b>	–
	<b><u>1,227,034</u></b>	<u>1,350,372</u>

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Analysed as:		
Current receivables under sale and leaseback arrangements (receivable within 12 months)	<b>1,138,366</b>	1,054,994
Non-current receivables under sale and leaseback arrangements (receivable after 12 months)	<b>117,873</b>	321,135
	<b>1,256,239</b>	1,376,129
Provision of impairment loss allowance	<b>(29,205)</b>	(25,757)
	<b><u>1,227,034</u></b>	<u>1,350,372</u>

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Fixed-rate receivables under sale and leaseback arrangements	711,028	702,706
Variable-rate receivables under sale and leaseback arrangements	<u>516,006</u>	<u>647,666</u>
	<b><u>1,227,034</u></b>	<b><u>1,350,372</u></b>

The interest rates represent prevailing People's Bank of China Renminbi Lending Rate ("PBC rate") or Offshore Chinese Renminbi Hong Kong Interbank Offered Rate ("CNH HIBOR") as at 30 June 2022 and 31 December 2021, respectively.

Effective interest rates per annum of the above receivables under sale and leaseback arrangements for the period are as follows:

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (Audited)
Effective interest rates		
Fixed-rate receivables	<b>5.0% to 11.0%</b>	5.0% to 12.0%
Variable-rate receivables	<b>5.5% to 6.7%</b>	5.5% to 6.7%

Interest rate of variable-rate receivables is reset when there is a change of the prevailing PBC rate or CNH HIBOR.

As at 30 June 2022, the receivables under sale and leaseback arrangements with carrying value of HK\$179,194,000 (2021: HK\$243,289,000) have been pledged against specific bank borrowings granted to the Group. The pledges will be released upon the settlement of bank borrowings.

#### 14 TRADE AND BILL RECEIVABLES

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Trade and bill receivables	21,169	31,511
Provision for impairment loss allowance	<u>(10)</u>	<u>(22)</u>
	<b><u>21,159</u></b>	<b><u>31,489</u></b>

The credit terms of trade receivables are normally 30 to 90 days as at 31 December 2021 and 30 June 2022. The maturity periods of bill receivables are normally 6 to 12 months as at 31 December 2021 and 30 June 2022. The aging analysis of trade receivables and bill receivables based on invoice date is as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Within 3 months	8,060	2,966
4–6 months	12,239	26,768
7–9 months	870	1,050
10–12 months	–	727
	<u>21,169</u>	<u>31,511</u>

## 15 INTERESTS IN AN ASSOCIATE

The carrying amount of interests in an associate has changed as follows:

	<b>For the six months ended 30 June 2022 HK\$'000 (Unaudited)</b>	For the year ended 31 December 2021 HK\$'000 (Audited)
At beginning of period/year	92,930	91,362
Share of operating profits	441	2,328
Share of other comprehensive (loss)/income	(3,253)	2,236
Dividend received	<u>(1,992)</u>	<u>(2,996)</u>
<b>Interests in an associate</b>	<u><b>88,126</b></u>	<u><b>92,930</b></u>

Included in cost of investments in an associate of the Group, is goodwill of approximately HK\$25,445,000 as at 30 June 2022 (31 December 2021: approximately HK\$26,376,000). As at 30 June 2022 and 2021, no impairment indicator was identified.



## 16 SECURED BANK BORROWINGS

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
<b>Non-current portion</b>		
Secured bank borrowings	<b>20,589</b>	94,319
<b>Current portion</b>		
Secured bank borrowings	<u>283,246</u>	<u>196,603</u>
	<u><b>303,835</b></u>	<u>290,922</u>

As at 30 June 2022 and 31 December 2021, the Group's borrowings were repayable in accordance with scheduled repayment dates as follows:

	<b>30 June 2022 HK\$'000 (Unaudited)</b>	31 December 2021 HK\$'000 (Audited)
Carrying amount repayable:		
Within 1 year	<b>129,368</b>	111,288
Between 1 and 2 years	<b>20,589</b>	94,319
Between 2 and 3 years	<u>–</u>	<u>–</u>
	<u><b>149,957</b></u>	<u>205,607</u>

Carrying amount of bank borrowings that contain a repayable on demand clause (shown under current liabilities) but repayable:

Within 1 year	<b>152,902</b>	82,885
Between 1 and 2 years	<b>976</b>	2,430
Between 2 and 3 years	<u>–</u>	<u>–</u>
	<u><b>153,878</b></u>	<u>85,315</u>
	<u><b>303,835</b></u>	<u>290,922</u>

At 30 June 2022 and 31 December 2021, the borrowings of HK\$153,878,000 (2021: HK\$85,315,000) and HK\$149,957,000 (2021: HK\$205,607,000) were denominated in HK\$ and RMB respectively.

The ranges of effective interest rates on the Group's secured bank borrowings are as follows:

	<b>30 June 2022 (Unaudited)</b>	31 December 2021 (Audited)
Effective interest rate:		
Variable-rate secured bank borrowings	<u><b>1.87% to 5.00%</b></u>	<u>1.19% to 5.00%</u>

## 17 SHARE CAPITAL

	<b>Number of shares</b>	<b>Amount HK\$'000</b>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2021, 30 June 2021, 1 January 2022 and 30 June 2022	<u>3,984,639,703</u>	<u>39,846</u>

## 18 ASSETS PLEDGED AS SECURITY

As at 30 June 2022 and 31 December 2021, the Group had the following assets pledged as security of bank borrowings:

- (a) The Group's investment properties with an aggregate carrying value of HK\$37,600,000 (31 December 2021: HK\$38,400,000) were pledged to banks to secure for bank borrowings with outstanding amount of HK\$3,878,000 (31 December 2021: HK\$5,315,000).
- (b) The Group's receivables under sale and leaseback arrangements with a carrying value of HK\$179,194,000 (31 December 2021: HK\$243,289,000) were pledged to banks to secure for bank borrowings with outstanding amount of HK\$149,957,000 (31 December 2021: HK\$205,607,000).

## 19 RELATED PARTY DISCLOSURE

The Controlling Shareholder of the Company defined under the Listing Rules is Shougang Holding (Hong Kong) Limited (“Shougang Holding”) which is a wholly-owned subsidiary of Shougang Group Co., Ltd., a state-owned enterprise under the direct supervision of the State Council of the PRC. Accordingly, the Company and the Group are ultimately controlled by Shougang Group Co., Ltd.. The transactions and those balances with Shougang Group Co., Ltd. and its subsidiaries (collectively referred as “Shougang Group”) and other PRC government-related financial institutions are disclosed below:

### (a) Key management personnel compensation

Key management personnel includes directors (executive, non-executive and independent non-executive directors) and the senior management of the Group. The compensation paid or payable to key management personnel is shown below:

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>
Wages, salaries and other benefits	3,768	3,427
Retirement benefit scheme contribution	<u>27</u>	<u>25</u>
Total employee benefit expenses	<u><u>3,795</u></u>	<u><u>3,452</u></u>

### (b) Transactions with related parties

	<b>Six months ended 30 June</b>	
	<b>2022</b> <i>HK\$'000</i> <b>(Unaudited)</b>	<b>2021</b> <i>HK\$'000</i> <b>(Unaudited)</b>
<b>Revenue under sale and leaseback arrangements (Note (ii))</b>		
Subsidiaries of Shougang Group	16,517	20,269
Associate of Shougang Holding	<u>684</u>	<u>103</u>
	<u><u>17,201</u></u>	<u><u>20,372</u></u>
<b>Consultancy service income (Note (i))</b>		
Subsidiary of Shougang Group	<u>–</u>	<u>1,306</u>
	<u><u>–</u></u>	<u><u>1,306</u></u>

	<b>Six months ended 30 June</b>	
	<b>2022</b> <b>HK\$'000</b> <b>(Unaudited)</b>	<b>2021</b> <b>HK\$'000</b> <b>(Unaudited)</b>
<b>Management fee expenses (Note (i))</b>		
Shougang Holding	<u>1,440</u>	<u>1,440</u>
	<u><b>1,440</b></u>	<u><b>1,440</b></u>
<b>Lease payments (Note (i))</b>		
Subsidiary of Shougang Holding	<u>1,173</u>	<u>1,173</u>
	<u><b>1,173</b></u>	<u><b>1,173</b></u>
<b>Purchase of trading goods (Note (i))</b>		
Subsidiaries of Shougang Group	<u>43,581</u>	–
Associate of Shougang Group	<u>25,735</u>	–
	<u><b>69,316</b></u>	<u><b>–</b></u>
<b>Entrusted loan payment interest income</b> <b>(Note (ii))</b>		
Subsidiary of Shougang Group	<u>61</u>	–
	<u><b>61</b></u>	<u><b>–</b></u>

*Notes:*

- (i) The transactions were carried out in accordance relevant lease and other agreements.
- (ii) The transactions were carried out in accordance with relevant sale and leaseback and loan agreements summarised as below:
- (1) Pursuant to the sale and leaseback agreement, South China Leasing provided sale and leaseback amounting to RMB20,000,000 to Tengzhou Eastern Steel Cord Co. Ltd, an associate of Shougang Holding, for a term of 18 months commenced from June 2021.
  - (2) The Company entered into the master facility agreement with Shougang Group Co., Ltd., pursuant to which the Company has conditionally agreed to provide or procure its subsidiaries to provide the uncommitted facilities to Shougang Group Co., Ltd. and/or its subsidiaries in an aggregate principal amount of up to RMB2,000,000,000 for a term of 3 years commenced from August 2021.

**(c) Outstanding balance arising from sale and leaseback business**

Included in receivables under sale and leaseback arrangements of the Group as disclosed in Note 13, there are receivables under sale and leaseback arrangements from subsidiaries of Shougang Group with total carrying amount of HK\$521,286,000 (31 December 2021: HK\$568,252,000) as at 30 June 2022.

**(d) Amounts due from related parties**

Included in prepayments, deposits and other receivables, there are amounts due from related parties with carrying amount of HK\$74,615,000 (31 December 2021: HK\$Nil) in relation to purchase product as at 30 June 2022. The balances are unsecured, repayable on demand and interest free.

**(e) Entrusted loan due from a related party**

Included in prepayments, deposits and other receivables, there is entrusted loan due from a related party with carrying amount of HK\$19,399,000 (31 December 2021: HK\$Nil) in relation to purchase product as at 30 June 2022. The balance is unsecured, repayable on demand and carried interest of 5% per annum.

**(f) Investment in related companies**

At 30 June 2022, the Group's financial assets at FVPL included listed securities of 12,370,000 shares (31 December 2021: 12,370,000 shares) of Shougang Century Holdings Limited ("Shougang Cent") with carrying amount of HK\$3,340,000 (31 December 2021: HK\$4,268,000), and 46,000 shares (31 December 2021: 46,000 shares) of Shoucheng Holdings Limited ("Shoucheng") with carrying amount of HK\$54,000 (31 December 2021: HK\$71,000). Shougang Cent and Shoucheng are associates of Shougang Holding.

**(g) Transaction and balance with other PRC government-related entities**

Apart from the transactions and balances with the Shougang Group as disclosed in Note 19(b), 19(c), 19(d) and 19(e), and the investments in related companies as disclosed in Note 19(f), the Group has entered into various transactions in its ordinary course of business including deposit placements, borrowings and other general banking facilities, with certain banks and financial institutions which are government-related entities. As at 30 June 2022, 99% and 99% (31 December 2021: 100% and 98%), respectively, of bank balances and bank borrowings are held with these government-related financial institutions.

## INTERIM DIVIDEND

The Board did not declare an interim dividend for the six months ended 30 June 2022 (2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

Capital Industrial Financial Services continued to push ahead the development philosophy of financial leasing, commercial factoring, supply chain management services and assets management services as core businesses, and endeavored to become a service provider of a supply chain financing platform characterised by integrating industry and finance to support for industrial upgrading. Adhering to our philosophy of persistence in pandemic prevention and control as well as operational development, we monitored closely key business functions and the implementation and enhancement of risk control measures. The Group maintained stable growth in results by seeking progress while ensuring stability, discovering its own potential and constantly making improvement and enhancement in its ability to respond to market changes.

## KEY FINANCIAL PERFORMANCE INDICATORS

The key financial performance indicators are analysed as below:

	Six months ended 30 June		+ / (-) Change
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>	
<b>Financial performance</b>			
Revenue	<b>125,595</b>	1,124,219	-88.8%
Gross profit margin (%)	<b>38%</b>	5%	33%
– Sale and leaseback arrangements services segment	<b>88%</b>	86%	2%
– Supply chain management business segment	<b>9%</b>	1%	8%
Profit before income tax for the period	<b>27,166</b>	27,327	-0.6%
Profit for the period	<b>17,568</b>	17,922	-2.0%
Profit attributable to owners of the Company	<b>9,302</b>	11,418	-18.5%
Basic earnings per share ( <i>HK cents</i> )	<b>0.23</b>	0.29	-20.7%

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000	+ / (-) Change
<b>Key financial indicators</b>			
Total cash	<b>459,404</b>	387,095	18.7%
Total assets	<b>2,329,468</b>	2,325,595	0.2%
Total liabilities	<b>501,278</b>	435,216	15.2%
Bank borrowings	<b>303,835</b>	290,922	4.4%
Capital and reserves attributable to owners of the Company	<b>1,482,046</b>	1,537,657	-3.6%
Current ratio	<b>413%</b>	528%	-115%
Debt asset ratio	<b>21.5%</b>	18.7%	2.8%

## FINANCIAL OVERVIEW

The Group recorded profit attributable to owners of the Company of approximately HK\$9,302,000 for the six months ended 30 June 2022, representing a decrease of 18.5% as compared with profit attributable to owners of the Company of approximately HK\$11,418,000 for the six months ended 30 June 2021. Revenue of the Group for the six months ended 30 June 2022 was approximately HK\$125,595,000, which represented a decrease of approximately 89% when compared with that of approximately HK\$1,124,219,000 for the same period of 2021. These decreases were mainly attributable to a decrease in revenue from the supply chain management business segment. The Group recorded a gross profit of approximately HK\$47,329,000 for the six months ended 30 June 2022, representing a decrease of approximately 9% when compared with the gross profit of approximately HK\$52,161,000 for the same period of 2021. The Group recorded a gross profit margin of approximately 38% for the six months ended 30 June 2022, representing a significant increase when compared with the gross profit margin of approximately 5% for the same period of 2021. Basic earnings per share of the Group for the six months ended 30 June 2022 was HK0.23 cents (six months ended 30 June 2021: basic earnings per share was HK0.29 cents).

Revenue for the six months ended 30 June 2022 was approximately HK\$0.13 billion, representing a decrease of approximately 89% when compared with that of approximately HK\$1.12 billion for the same period of 2021. The decrease was mainly attributable to the significant decrease in revenue of approximately HK\$1 billion due to the adjustment in the scale of business covering full-process services including steel product trading and logistics by the supply chain management business segment according to the market conditions. Meanwhile, the sale and leaseback arrangements services segment recorded an increase in revenue of 5% to approximately HK\$45,377,000.

The Group recorded a gross profit of approximately HK\$47,329,000 for the six months ended 30 June 2022, representing a decrease of approximately 9%, when compared with the gross profit of approximately HK\$52,161,000 for the same period of 2021. The Group recorded a gross profit margin of approximately 38% for the six months ended 30 June 2022, representing a significant increase when compared with the gross profit margin of approximately 5% for the same period of 2021, which was mainly attributable to the increase in proportion of revenue from the sale and leaseback arrangements services with higher gross profit margin.

Other income for the six months ended 30 June 2022 amounted to approximately HK\$3,536,000 (six months ended 30 June 2021: HK\$2,798,000), representing an increase of approximately 26%. The increase was mainly due to the increase in interest income from deposits.

Administrative expenses for the six months ended 30 June 2022 amounted to approximately HK\$23,663,000 (six months ended 30 June 2021: HK\$25,443,000), representing a decrease of approximately 7%. The decrease was mainly due to the reduction in administrative staff cost and legal and professional fee.

For the six months ended 30 June 2022, share of profit of an associate amounted to approximately HK\$441,000 (six months ended 30 June 2021: loss of HK\$219,000), as the turnaround contributed to the Group's profit.

## **BUSINESS REVIEW AND OUTLOOK**

Closely following the strategy of integration of industry and finance for its core business and market competitiveness, we built an integrated financial service platform with financial empowerment leveraging on the business synergies arising from the financial leasing, commercial factoring, supply chain management and assets management businesses. Taking the provision of supply chain management services, financial services and assets management services as our core businesses and competitive strengths in the market, the Group strived to focus on the provision on financial leasing, commercial factoring, supply chain management, investment and financing advisory services and other portfolios of financial products to the two groups of target core enterprises including steel companies and domestic conglomerates, as well as their upstream and downstream customers, in order to provide customised financial service solutions for core enterprises, meet the strategic needs of core enterprises and their upstream and downstream companies for industrial upgrading and give full play to the important role of financial services in empowering real economy.

During the period under review, revenue from the sale and leaseback arrangements services segment increased by approximately 5% to approximately HK\$45,377,000 (six months ended 30 June 2021: HK\$43,303,000), and the segment results recorded a profit of approximately HK\$40,276,000 (six months ended 30 June 2021: HK\$32,325,000). The increase in revenue from and segment results of the sale and leaseback arrangements services segment was mainly due to the commencement of the C-end business.



Our supply chain management business segment considers the business scenarios of the target companies and makes detailed analyses of the capital flow, information flow, product flow and logistics of the industry chain on which these companies operate, and then provides the most accessible and diversified products to them, thereby satisfying their capital and management needs, such that the segment also helps to reduce the transaction cost incurred on the industry chain and thus empowers the industry. During the period under review, revenue from the supply chain management business segment was approximately HK\$79,818,000 (six months ended 30 June 2021: HK\$1.08 billion). The supply chain management business segment results recorded a profit of approximately HK\$2,053,000 (six months ended 30 June 2021: HK\$7,178,000). In the face of macro circumstances such as the ever-changing situation of the COVID-19 pandemic globally and the instability lie in the momentum of economic recovery, the supply chain management business segment adopted a prudent approach in response to market conditions, and took initiative in making adjustments to its scale of business after striking a balance between business development and operational hinderances arising from the pandemic, leading to a slowdown of revenue and segment results.

During the period under review, revenue from the assets management and consultancy services segment was approximately HK\$61,000 (six months ended 30 June 2021: approximately HK\$1,459,000), while the segment results recorded a loss of approximately HK\$1,247,000 (six months ended 30 June 2021: a profit of HK\$415,000). The decrease in revenue from the assets management and consultancy services segment and the loss recorded in segment results were mainly due to downsizing of the consultancy business.

During the period under review, revenue from the property leasing services segment increased to approximately HK\$339,000 (six months ended 30 June 2021: HK\$309,000), while the segment results recorded a loss of approximately HK\$579,000 (six months ended 30 June 2021: a profit of approximately HK\$829,000). The increase in revenue from the property leasing services segment was mainly attributable to the improved vacancy rate. The loss recorded in segment results was mainly attributable to a decrease in fair value of investment properties of the property leasing services segment. Fair value of investment properties of the property leasing services segment during the period decreased by approximately HK\$800,000 (six months ended 30 June 2021: increase in fair value of investment properties of HK\$500,000).

Under the policy environment and market environment of promoting financial innovation, Capital Industrial Financial Services will grasp opportunities brought by the policies in relation to China's innovation of modern supply chain area and the upgrading strategies of industries in which target core enterprises operate to provide innovative financial products and service portfolios to those target core enterprises and their upstream and downstream customer groups, so as to serve the real economy. Through our supply chain financing platform, we will provide accessible financing to our small-to-medium sized enterprises customers to lower financing costs and enhance the stability of supply chains, which will bring low cost funds and equity capital to our customers and optimise their capital structure, help the Group to achieve sustainable growth in its business scale and create greater business value for our customers, shareholders and society.

In terms of risk management infrastructure, prudent and effective risk management can help in untapping the commercial value of long-term investments, as well as laying a solid foundation for the Group's sustainable development. We will put emphasis on strengthening our risk control system, introducing information technology platform, and adjusting our management and control strategies in a timely manner and continuously improving our management by improving and optimising our risk control mechanism. In addition, we will also continue to promote the development of our online risk management platform based on asset securitisation and industry supply chain business so as to provide an effective tool for the Group's risk management.

## LIQUIDITY, FINANCIAL RESOURCES AND FINANCING ACTIVITIES

The Group has been focusing on maintaining stable funding sources and financing is arranged to match business requirements and cash flows. The financial leverage of the Group as at 30 June 2022 as compared to 31 December 2021 is summarised below:

	<b>30 June 2022 HK\$'000</b>	31 December 2021 HK\$'000
Total loans		
Current borrowings	<b>283,246</b>	196,603
Non-current borrowings	<b>20,589</b>	94,319
Sub-total	<b>303,835</b>	290,922
Total cash		
Cash and cash equivalents	<b>459,404</b>	387,095
Total equity	<b>1,828,190</b>	1,890,379
Total assets	<b>2,329,468</b>	2,325,595
Financial leverage		
Current ratio	<b>413%</b>	528%

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK\$459,404,000 (31 December 2021: HK\$387,095,000), which were mainly denominated in Hong Kong dollars, US dollars and Renminbi. The increase was mainly attributable to the net cash generated from operating activities of approximately HK\$65,144,000 and new net bank borrowings of approximately HK\$19,104,000.

As at 30 June 2022, the Group's borrowings amounted to approximately HK\$303,835,000, of which approximately HK\$283,246,000 were repayable on demand or within twelve months from 30 June 2022 and approximately HK\$20,589,000 were repayable after twelve months from 30 June 2022. During the period under review, the Group obtained new bank borrowings of approximately HK\$70,000,000 as the working capital for the Group's operations. All borrowings bore interest at market rates.

## **CAPITAL STRUCTURE**

The capital and reserves attributable to owners of the Company amounted to approximately HK\$1,482,046,000 as at 30 June 2022 (31 December 2021: HK\$1,537,657,000). The decrease was mainly due to the exchange difference arising from translation during the period totalling approximately HK\$52,959,000. The Company did not issue any new shares during the period under review. The issued share capital of the Company was approximately HK\$39,846,000 (represented by approximately 3,984,640,000 issued ordinary shares).

## **MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT**

During the six months ended 30 June 2022, the Group had no material acquisitions, disposals and significant investment.

## **CHARGE ON ASSETS**

As at 30 June 2022, the Group had the following charge on assets:

- (i) The Group's investment properties with an aggregate carrying value of approximately HK\$37,600,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$3,878,000.
- (ii) The Group's receivables under sale and leaseback arrangements with a carrying value of approximately HK\$179,194,000 were pledged to banks to secure for bank borrowings with outstanding amount of approximately HK\$149,957,000.

## **FOREIGN EXCHANGE EXPOSURE**

The normal operations and investments of the Group are mainly in Hong Kong and China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Directors believe that the Group does not have significant foreign exchange exposure. However, if necessary, the Group will consider using forward exchange contracts to hedge against foreign exchange exposures. As at 30 June 2022, the Group has no significant foreign exchange exposure.

## **CONTINGENT LIABILITIES**

The Group had no significant contingent liabilities as at 30 June 2022.

## **EMPLOYEES**

As at 30 June 2022, the Group employed 47 (31 December 2021: 47) full time employees (excluding those under the payroll of associates of the Group). The Group remunerated its employees mainly with reference to the prevailing market practice, individual performance and work experience. Other benefits such as medical coverage, insurance plan, mandatory provident fund, discretionary bonus and employees share option scheme are also available to employees of the Group. Remuneration packages are reviewed either annually or through special increment.

During the six months ended 30 June 2022, the Company and its subsidiaries have not paid or committed to pay to any individual any amount as an inducement to join or upon joining the Company and/or its subsidiaries.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (whether on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or otherwise) during the period under review.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to maintaining good corporate governance standard and procedures to safeguard the interests of all shareholders and to enhance accountability and transparency.

The Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the six months ended 30 June 2022.

## AUDIT COMMITTEE

The Audit Committee comprised five members including four Independent Non-executive Directors, namely Mr. Tam King Ching, Kenny as Chairman, Mr. Zhang Xingyu, Mr. Ng Man Fung, Walter and Ms. On Danita, and one Non-executive Director, namely Mr. Huang Donglin.

The Audit Committee is accountable to the Board. It focuses primarily on financial reporting related matters, such as reviewing financial information and overseeing financial reporting related systems and controls. The Committee also advises the Board on high-level risk related matters, risk management and internal control, including advising on risk assessment and oversight of the internal audit function.

The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022.

## APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our customers, suppliers and shareholders for their continuous support to the Group. I would also extend my gratitude and appreciation to all management and staff for their hard work and dedication throughout the period.

By order of the Board  
**Capital Industrial Financial Services Group Limited**  
**Sun Yajie**  
*Chairman*

Hong Kong, 25 August 2022

*As at the date of this announcement, the board of directors of the Company comprises Ms. Sun Yajie (Chairman); Mr. Liang Hengyi (Managing Director); Mr. Tian Gang (Executive Director); Mr. Huang Donglin (Non-executive Director); Mr. Zhang Jianxun (Non-executive Director); Mr. Tam King Ching, Kenny (Independent Non-executive Director); Mr. Zhang Xingyu (Independent Non-executive Director); Mr. Ng Man Fung, Walter (Independent Non-executive Director) and Ms. On Danita (Independent Non-executive Director).*

\* *For identification purpose only*