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 2023

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 2023 together with the comparative figures for the corresponding period in 2022 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2023*

| | | **Six months ended 30 June** | |
|---|---|---|---|
| | | **2023** | 2022 |
| | | **(Unaudited)** | (Unaudited) |
| | *Notes* | ***HK$'000*** | *HK$'000* |
| Revenue | *4* | **25,046** | 50,343 |
| Cost of revenue | | **(19,526)** | (44,999) |
| Gross profit | | **5,520** | 5,344 |
| Other income | *6* | **2,488** | 2,020 |
| Other gains and losses | *7* | **(3,938)** | (32,254) |
| Administrative expenses | | **(29,037)** | (31,006) |
| Other operating expenses | | **(177)** | (77) |
| Finance cost | | **–** | (13) |
| Share of result of associates | | **1,631** | 906 |
| Loss before taxation | | **(23,513)** | (55,080) |
| Income tax expense | *8* | **(12)** | (385) |
| **Loss for the period** | *9* | **(23,525)** | (55,465) |

| | Notes | Six months ended 30 June **2023** **(Unaudited)** ***HK$'000*** | 2022 (Unaudited) *HK$'000* |
|---|---|---|---|
| **Attributable to:** | | | |
| – Owners of the Company | | **(22,642)** | (37,614) |
| – Non-controlling interests | | **(883)** | (17,851) |
| | | **(23,525)** | (55,465) |
| | | **(Unaudited)** | (Unaudited) |
| **Loss per share (HK cent)** | *11* | | |
| – Basic | | **(1.34)** | (2.23) |
| – Diluted | | **(1.34)** | (2.23) |

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

| | Six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Loss for the period | **(23,525)** | (55,465) |
| **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 | **(1,024)** | (4,751) |
| Item that are or may be reclassified subsequently to profit or loss: | | |
| Exchange difference arising on translation to presentation currency | **(10,777)** | (7,188) |
| Share of other comprehensive income of associates | **(65)** | 5 |
| Other comprehensive expense for the period, net of income tax | **(11,866)** | (11,934) |
| Total comprehensive expense for the period | **(35,391)** | (67,399) |
| Total comprehensive expense attributable to: | | |
| – Owners of the Company | **(33,257)** | (48,661) |
| – Non-controlling interests | **(2,134)** | (18,738) |
| | **(35,391)** | (67,399) |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 30 June 2023*

| | Notes | **30 June 2023 (Unaudited) *HK$'000*** | 31 December 2022 (Audited) *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **81,393** | 87,912 |
| Investment properties | | **133,322** | 147,670 |
| Goodwill | | **25,556** | 25,556 |
| Interests in associates | *12* | **100,092** | 98,526 |
| Equity investments at fair value through other comprehensive income | | **91,263** | 93,204 |
| Finance lease receivables | *13* | **15,423** | 4,116 |
| Loan receivables | | **–** | 9,332 |
| Restricted bank deposits | | **16,206** | 16,960 |
| | | **463,255** | 483,276 |
| **Current assets** | | | |
| Inventories | | **19,888** | 13,391 |
| Prepaid tax | | **1,152** | – |
| Finance lease receivables | *13* | **35,303** | 47,246 |
| Loan receivables | | **17,276** | – |
| Trade receivables | *14* | **9,511** | 14,379 |
| Other receivables, deposits and prepayments | *15* | **43,410** | 48,425 |
| Financial assets at fair value through profit or loss | | **121,696** | 123,258 |
| Deposits placed with non-bank financial institutions | | **5,961** | 3,217 |
| Short-term bank deposits | | **–** | 30,000 |
| Cash and cash equivalents | | **36,303** | 38,143 |
| | | **290,500** | 318,059 |

| | Notes | 30 June 2023 (Unaudited) HK$'000 | 31 December 2022 (Audited) HK$'000 |
|---|---|---|---|
| **Current liabilities** | | | |
| Other payables and accruals | *17* | **68,811** | 73,633 |
| Deposits received from customers | *13* | **–** | 2,262 |
| Tax payable | | **20,784** | 20,829 |
| Borrowings | *18* | **145,854** | 152,645 |
| | | **235,449** | 249,369 |
| **Net current liabilities** | | **55,051** | 68,690 |
| **Total assets less current liabilities** | | **518,306** | 551,966 |
| **Capital and reserves** | | | |
| Share capital | *19* | **168,730** | 168,730 |
| Reserves | | **301,918** | 335,175 |
| Equity attributable to owners of the Company | | **470,648** | 503,905 |
| Non-controlling interests | | **30,620** | 32,754 |
| **Total equity** | | **501,268** | 536,659 |
| **Non-current liabilities** | | | |
| Deposits received from customers | *13* | **15,358** | 13,510 |
| Deferred tax liabilities | | **1,680** | 1,797 |
| | | **17,038** | 15,307 |
| | | **518,306** | 551,966 |

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2023*

## 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 2022. 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 2022 except those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2023. 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 2022 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 2022 annual 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:

- HKFRS 17 Insurance Contracts
- Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to HKAS 8 Definition of Accounting Estimates
- Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to HKAS 12 Deferred Tax related to Tax Reform-Pillar Two Model Rules

The amended HKFRSs that are effective from 1 January 2023 did not have any significant impact on the Group's accounting policies.

## 3. USE OF JUDGEMENTS AND ESTIMATES

In preparing this interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2022 annual financial statements.

## 4. REVENUE

Revenue represents interest income generated from finance lease transactions, loan interest income from provision of loan facilities, service fee income, 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 | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Finance lease interest income | **2,606** | 2,856 |
| Loan interest income | **–** | 2,639 |
| Service fee income | **1,949** | – |
| Rental income | **2,970** | 2,839 |
| Sale of food additives | **1,291** | 1,664 |
| Sale of medical and health products | **3,272** | 12,175 |
| Sale of daily necessities and hygiene products | **12,958** | 28,170 |
| | **25,046** | 50,343 |

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 six months ended 30 June 2023, the revenue of such kind amounted to HK$17,521,000 was recognised at a point in time (six months ended 30 June 2022: HK$42,009,000) and HK$1,949,000 was recognized over the time (six months ended 30 June 2022: nil).

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, health products 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** | | | |
| | **2023** | 2022 | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| **Segments** | | | | |
| Financial leasing | **4,555** | 2,856 | **(1,806)** | (36,800) |
| Investment | **2,970** | 5,478 | **(7,422)** | (7,192) |
| Trading | **16,230** | 40,345 | **(1,324)** | 4,143 |
| Others | **1,291** | 1,664 | **(2,815)** | (3,692) |
| | **25,046** | 50,343 | **(13,367)** | (43,541) |
| Unallocated corporate expenses | | | **(12,261)** | (12,382) |
| Unallocated other income, gains and losses | | | **520** | (15) |
| Share of result of associates | | | **1,631** | 906 |
| Other expenses | | | **(36)** | (48) |
| Loss before taxation | | | **(23,513)** | (55,080) |

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$16,230,000 was generated in Hong Kong during the current period (six months end 30 June 2022: HK$42,984,000), the remaining amount of HK$8,816,000 was generated in the PRC (six months end 30 June 2022: HK$7,359,000).

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

| | **Assets** | | **Liabilities** | |
|---|---|---|---|---|
| | **30 June 2023 (Unaudited)** ***HK$'000*** | 31 December 2022 (Audited) *HK$'000* | **30 June 2023 (Unaudited)** ***HK$'000*** | 31 December 2022 (Audited) *HK$'000* |
| **Segments** | | | | |
| Financial leasing | **257,769** | 266,158 | **207,448** | 211,330 |
| Investment | **227,653** | 227,809 | **528** | 15,132 |
| Trading | **62,274** | 66,909 | **676** | 1,133 |
| Others | **49,759** | 55,773 | **12,084** | 391 |
| | **597,455** | 616,649 | **220,736** | 227,986 |
| Interests in associates | **100,092** | 98,526 | **–** | – |
| Unallocated corporate items | **56,208** | 86,160 | **31,751** | 36,690 |
| | **753,755** | 801,335 | **252,487** | 264,676 |

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 | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Interest income from loan receivables | **324** | 1,169 |
| Interest income from banks and non-bank financial institutions | **591** | 39 |
| Government subsidies | **–** | 177 |
| Dividend income | **–** | 540 |
| Sundry income | **1,573** | 95 |
| | **2,488** | 2,020 |

## 7. OTHER GAINS AND LOSSES

| | Six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Fair value change on: | | |
| – Financial assets at FVTPL | **6,252** | (16,449) |
| – Investment properties | **(8,103)** | – |
| Net foreign exchange losses | **(57)** | (130) |
| Impairment loss on a loan receivable from sale-leaseback transaction | **–** | (15,675) |
| Reversal of impairment loss on finance lease receivables | **6,364** | – |
| Impairment loss on loan receivables | **(1,621)** | – |
| Impairment loss on other receivables | **(6,770)** | – |
| Others | **(3)** | – |
| | **(3,938)** | (32,254) |

## 8. TAXATION

| | Six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Current tax expense | **87** | 462 |
| Deferred tax credit | **(75)** | (77) |
| Income tax expense | **12** | 385 |

## 9. LOSS FOR THE PERIOD

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

| | Six months ended 30 June | |
|---|---|---|
| | **2023** | 2022 |
| | **(Unaudited)** | (Unaudited) |
| | ***HK$'000*** | *HK$'000* |
| Directors' remuneration | **6,664** | 6,693 |
| Interest expenses (included in cost of revenue) | **7,137** | 14,485 |
| Cost of inventories sold (included in cost of revenue) | **11,827** | 29,924 |
| Depreciation of property, plant and equipment | **655** | 428 |
| Depreciation of right-of-use assets | **3,337** | 2,337 |
| Short-term lease expenses | **617** | 1,800 |
| Staff costs (including directors' and chief executive's emoluments) | **13,902** | 16,525 |

## 10. DIVIDEND

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 | |
|---|---|---|
| | **2023** | 2022 |
| | **(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 | **(22,642)** | (37,614) |

| | Number of shares | |
|---|---|---|
| | **30 June** | 30 June |
| | **2023** | 2022 |
| | **(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 2023, 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 2022 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. FINANCE LEASE RECEIVABLES/DEPOSITS RECEIVED FROM CUSTOMERS

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* |
| Finance lease receivables | **51,639** | 58,712 |
| *Less:* provision for impairment losses | **(913)** | (7,350) |
| | **50,726** | 51,362 |
| Represented by: | | |
| Current finance lease receivables *(note)* | **35,303** | 47,246 |
| Non-current finance lease receivables | **15,423** | 4,116 |
| | **50,726** | 51,362 |

**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 2023, the average term of finance leases entered into is 1.99 years (31 December 2022: 1.85 years).

**Amounts receivable under finance leases**

| | **Minimum lease payments** | | **Present value of minimum lease payments** | |
|---|---|---|---|---|
| | **30 June 2023** | 31 December 2022 | **30 June 2023** | 31 December 2022 |
| | **(Unaudited)** | (Audited) | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Not later than one year | **39,015** | 57,350 | **35,303** | 53,126 |
| Later than one year and not later than five years | **17,210** | 5,900 | **16,336** | 5,586 |
| | **56,225** | 63,250 | **51,639** | 58,712 |
| *Less:* unearned finance income | **(4,586)** | (4,538) | **–** | – |
| | **51,639** | 58,712 | **51,639** | 58,712 |
| *Less:* impairment allowance | **(913)** | (7,350) | **(913)** | (7,350) |
| | **50,726** | 51,362 | **50,726** | 51,362 |

The Group's finance leases receivables are denominated in RMB. The effective interest rates of the finance leases as at 30 June 2023 range from 6.69% to 11.15% (31 December 2022: 6.69% to 11.15%) per annum.

As at 30 June 2023, finance lease receivables with carrying amounts of HK$37,535,000 (31 December 2022: HK$35,826,000) were guaranteed by related parties of customers 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 2023 and 31 December 2022, there was no finance lease receivables pledged as security for the Group's borrowings.

Deposits of HK$15,358,000 (31 December 2022: HK$15,772,000) 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.

## 13. TRADE RECEIVABLES

| | **30 June 2023** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **10,263** | 15,131 |
| *Less:* allowance for impairment | **(752)** | (752) |
| Trade receivables, net | **9,511** | 14,379 |

The credit period granted to customers ranged from 0 to 60 days. As at 30 June 2023 and 31 December 2022, 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 2023** | 31 December 2022 |
|---|---|---|
| | **(Unaudited)** | (Audited) |
| | ***HK$'000*** | *HK$'000* |
| 0-30 days | **2,423** | 5,427 |
| 31-90 days | **3,934** | 2,474 |
| Over 90 days | **3,154** | 6,478 |
| | **9,511** | 14,379 |

## 14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | **30 June 2023 (Unaudited) *HK$'000*** | 31 December 2022 (Audited) *HK$'000* |
|---|---|---|
| Other receivables, deposits and prepayments | **43,410** | 48,425 |

## 15. OTHER PAYABLES AND ACCRUALS

| | **30 June 2023 (Unaudited) *HK$'000*** | 31 December 2022 (Audited) *HK$'000* |
|---|---|---|
| Accruals | **8,027** | 11,643 |
| Interest payable *(note)* | **45,871** | 41,138 |
| Receipt in advance | **11,904** | 14,957 |
| Other payables | **3,009** | 5,895 |
| | **68,811** | 73,633 |

*Note:* As at 30 June 2023 and 31 December 2022, the balances mainly represented accrued interest cost of one back-to-back borrowings in which the leveraged finance lease transactions were defaulted.

## 16. SHARE CAPITAL

| | Number of ordinary shares of HK$0.1 each | Nominal value |
|---|---|---|
| | ***'000*** | *HK$'000* |
| Authorised: | | |
| At 1 January 2022 (audited), 31 December 2022 (audited), 1 January 2023 (unaudited) and 30 June 2023 (unaudited) | **4,000,000** | 400,000 |
| Issued and fully paid: | | |
| At 1 January 2022 (audited), 31 December 2022 (audited), 1 January 2023 (unaudited) and 30 June 2023 (unaudited) | **1,687,303** | 168,730 |

## 17. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 30 June 2023 and 31 December 2022.

## 18. CAPITAL COMMITMENTS

| | 30 June 2023 (Unaudited) | 31 December 2022 (Audited) |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements | **66** | – |

## MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the six months ended 30 June 2023 (the "Current Period"), the Group recorded revenue of HK$25.0 million as compared with HK$50.3 million for the six months ended 30 June 2022 (the "Corresponding Period"), gross profit of HK$5.5 million as compared with gross profit of HK$5.3 million in the Corresponding Period and a net loss of HK$23.5 million as compared with the net loss of HK$55.5 million in the Corresponding Period.

For the period under review, the Financial Leasing Segment recorded a segment loss of HK$1.8 million (Corresponding Period: a segment loss of HK$36.8 million) (the definition of segment profit or loss and detailed analysis set out in note 5 to the condensed consolidated financial statements). The reduction in loss was mainly attributable to the over decrease in impairment loss on finance lease receivables, loan receivables and other receivables of approximately HK$15 million and a favorable change in fair value of FVTPL investments of approximately HK$11 million during the Current Period.

The investment segment did not record any loan interest income (Corresponding Period: HK$2.6 million) from provision of loan facilities in Hong Kong but had rental income of HK$3.0 million (Corresponding Period: HK$2.8 million) from investment properties in the PRC in Current Period. The segment loss in Current Period amounting to HK$7.4 million, slightly up from a loss of HK$7.2 million in the Corresponding Period, mainly resulted from an fair value loss on investment properties of approximately HK$8 million in the Current Period.

The Food Additives Business, classified under others in the segment information, runs a manufacturing and sale of food additives. It has recently started manufacturing of healthy food such as meal replacements partly made of Chlamdyonas Reininhardtii and other nutrients. During the Current Period, the business recorded revenue of approximately HK$1.3 million (Corresponding Period: HK$1.7 million) and a loss of HK$2.8 million (Corresponding Period: a loss of HK$3.7 million). The segment has gradually faded out the production line of solid Sorbitol which has not been successful and taped into a great potential market of healthy products in the PRC though there was no related sales in the Current Period.

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 loss amounting to approximately HK$16.2 million and approximately HK$1.3 million respectively as compared with revenue of HK$40.3 million and a profit of HK$4.1 million in the Corresponding Period. The decrease in revenue was mainly attributed to the decrease in sales of daily necessities and hygiene products, including masks and hand sanitizers as a result of the relaxation of mandatory masking in the Current Period. It is also attributable to a decrease in sales volume of traditional Chinese medical products as a result of much competitive market. The segment turned from a profit to a loss position primarily due to the significant drop in turnover of both trading lines.

After further considering two major unallocated items (i) the corporate expense (Current Period: HK$12.3 million; Corresponding Period: HK$12.4 million) and (ii) share of profit of associates (Current Period: HK$1.6 million; Corresponding Period: HK$0.9 million), the Group recorded a net loss of HK$23.5 million and net loss attributable to owners of the Company of HK$22.6 million in the Current Period as compared with net loss of HK$55.5 million and net loss attributable to the owners of the Company of HK$37.6 million in the Corresponding Period.

**Revenue and gross profit**

For the period under review, the Financial Leasing Segment recorded revenue and gross loss of HK$4.6 million and HK$3.3 million respectively (Corresponding Period: HK$2.9 million and HK$12.2 million). The increase in revenue for the Current Period was mainly driven by completion of new financial leasing projects in the Current Period. The segment has been no longer able to source back-to-back financings for customers who need sizable facility amounts with flexible terms under the current climate of regulatory environments. Rather, the Group has cautiously applied its own capital to finance financial leasing projects at much smaller but controllable size and thus reduced the business volume. The gross loss was incurred persistently, because interest cost of a back-to-back borrowing continued to accrue even when the corresponding financial lease receivable was already defaulted and no income on other end was generated. The negative magnitude of such outnumbered the gross profit from other projects of the segment and led to the gross loss.

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 major customers are primarily engaged in industries of energy resources, manufacturing, transportation and public utility construction, retailers, property management and education sectors.

Under the investment segment, the property leasing business recorded revenue and gross profit both at HK$3.0 million in Current Period (Corresponding Period: the aggregate revenue and gross profit of money lending business and property leasing business both amounted to 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 decrease in the segment revenue and gross profit was mainly due to a decrease in revenue from the money lending business.

The Food Additives Business recorded revenue of HK$1.3 million and gross profit of HK$0.5 million during the Current Period (Corresponding Period: revenue of HK$1.7 million and gross profit of HK$0.4 million). The revenue and cost of sales of the business mainly represent the sales income and manufacturing cost of food additives from the production base in the Liaoning province, the PRC, respectively. The analysis of the fluctuation on the segment revenue are as set out in the previous paragraph.

The Trading Segment recorded revenue and gross profit amounting to HK$16.2 million and HK$5.2 million respectively (Corresponding Period: HK$40.3 million and HK$11.7 million), out of which HK$13.0 million in revenue and HK$5.4 million in gross profit (Corresponding Period: HK$28.2 million in revenue and HK$11.2 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**

The other income of the Group in the Current Period 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 and sundry income.

**Other gains and losses**

The other gains and losses for the Current Period amounted to a net loss of HK$3.9 million (Corresponding Period: HK$32.3 million), mainly comprising of a fair value loss on investment properties of HK$8.1 million ( Corresponding Period: nil), fair value gain on financial assets at FVTPL of HK$6.3 million (Corresponding Period: a loss of HK$16.4 million), overall impairment loss on financial lease receivables, loan receivables and other receivables of HK$2.0 million (Corresponding Period: HK$15.7 million). 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$29.0 million, slightly down by HK$2 million as compared to HK$31.0 million in the Corresponding Period, mainly comprising of staff costs of HK$13.9 million (including directors' and chief executive's emoluments) (Corresponding Period: HK$16.5 million), rental expenses, legal and professional fees, depreciation of property, plant and equipment and various other administrative expenses.

**Finance cost**

There was no finance cost incurred by the trading business for interest on bank borrowings (Corresponding Period: HK$13,000).

**Share of result of associates**

The share of result of associates in the Current Period amounted to a profit of HK$1.6 million as compared with a profit of HK$0.9 million in the Corresponding Period.

**Income taxation**

Income tax expense for the Current Period amounted to HK$12,000 (Corresponding Period: income tax credit of HK$0.4 million), mainly comprising of (i) a deferred tax credit of HK$75,000 (Corresponding Period: HK$77,000) and (ii) a provision of current tax expense payable of HK$87,000 in China the Current Period (Corresponding Period: HK$0.5 million payable in Hong Kong).

## FINANCIAL POSITION

The total asset amount of the Group as at 30 June 2023 amounted to HK$753.8 million, representing a decrease of HK$47.5 million or 6% as compared with HK$801.3 million as at 31 December 2022. As at 30 June 2023, the Group's total liabilities dropped by HK$12.2 million or 5% to HK$252.5 million from HK$264.7 million as at 31 December 2022. The decrease in both total assets and total liabilities of the Group was partly due to the depreciation of exchange rate of RMB against HK$. The smaller conversion rate from RMB to HKD led to smaller converted HKD amounts of assets and liabilities of the Group's PRC subsidiaries when presenting the condensed consolidated financial statements in HKD.

The gearing ratios (which is calculated from the total liabilities over total asset) slightly increased from 33.03% as at 31 December 2022 to 33.50% as at 30 June 2023. The current ratios (which is calculated from total current assets over total current liabilities) remained almost unchanged at 1.234 as at 30 June 2023 (31 December 2022: 1.275).

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group had cash and cash equivalents, restricted bank deposits, and deposits placed with non-bank financial institutions of approximately HK$58.5 million (of which HK$16.2 million was pledged to the banks (31 December 2022: HK$17.0 million)) as compared to HK$88.3 million as at 31 December 2022. As at 30 June 2023, the Group had bank borrowing amounting to HK$145.9 million (31 December 2022: bank and other borrowings amounting to HK$152.6 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 24 under the section headed "FINANCING BUSINESS AND CREDIT EXPOSURE" of the Company's 2022 annual report dated 29 March 2023 (the "2022 Annual Report").

Since a final court verdict handed down by a PRC court in favor of BJEG, EXIM Bank no longer posed any threat against BJEG about claims of compensation about breach of a loan contract related to Qinghai Pingan High-precision Aluminum Industry Co., Ltd. ("Qinghai"). As a result of this, BJEG was off the deal structure and the resulting receivable, back-to-back borrowing and accrued interests was reversed to profit or loss in the prior year. As of 30 June 2023, BJEG was still haunted by another financial leasing project in which Sanya Phoenix International Airport Company Limited ("Sanya") and its holding company HNA Airport Holding (Group) Co., Ltd were the borrower and the guarantor respectively, whereas a bank provided a back-to-back financing to back BJEG up on recourse basis. Sanya Group has recently undergone a debt restructuring plan. As at 31 December 2022, due to the uncertainty of recoverability of any compensations from the plan, the Group had fully provided the ECL over this receivable. There was no further development in the Current Period. Detail of the ECL calculation was found in 2022 Annual Report.

As at 30 June 2023, the Group assessed the recoverability of other financial leasing receivables and certain loan receivables which was based on probability-weighted expected credit losses of multiple possible events model adopted in accordance with HKFRS 9, which involves 5 key parameters, namely (i) exposure at default; (ii) probability of default; (iii) loss given default ("LGD") or 100% minus recovery rate upon default; (iv) forward looking factor and (v) discount rate.

## CHARGE OF ASSETS

As at 30 June 2023, the restricted bank deposits of HK$16.2 million (31 December 2022: HK$17.0 million) were pledged to the banks and other non-bank financial institutions for facilities granted to the Group.

## CONTINGENT LIABILITIES

As at 30 June 2023 and 31 December 2022, the Group had no material contingent liabilities.

## CAPITAL COMMITMENTS

As at 30 June 2023, the Group had capital commitments of HK$66,000 (31 December 2022: nil) for the acquisition of property, plant and equipment.

## PROSPECT

The group's operations primarily centered in China and Hong Kong highlight the significant impact that economic, political, and social aspects of both jurisdictions can have on its overall performance. Though we have headed towards a post-pandemic era and returned to normalcy in all aspects, the economic activities are seen to be faltering after a short rebound. The economic challenges faced in China, including a sluggish real estate market, dent in consumer confidence, and tense geopolitical relations with the West led by the USA, create a complex business environment. However, it is important to note that positive factors exist alongside these difficulties. For instance, the Chinese central bank's loosening of monetary policies can offer potential opportunities for the group. It is also expecting that the Chinese government will issue favorable policies to support the private sectors especially green energy sectors and areas with involvement of innovation and technology. By carefully navigating through the intricacies of the region, the group can position itself to benefit from the resilience and dynamism of both the Chinese and Hong Kong economies.

As to the Financial Leasing Segment, it has largely got back on track since one of the defaulted financial leasing project, namely Qinghai Project, had been legally and financially resolved in prior year. The segment has been continuing working on another defaulted financial leasing project in the same kind in order to minimise the exposure of potential loss from the project and protect the segment assets. In the meantime, the segment has cautiously applied its own capital to finance new financial leasing projects at a controllable scale. It continues to expand the clientele, tap into prosperous new markets with governmental supports and constantly shape the business model to adapt to the dynamic financial industry in the PRC.

As to the Investment Segment, the Group will stick to the 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, the production line of solid sorbitol has experienced a lot of hurdles over the years and failed to scale up the production and sales. In the second half of 2022, the Group remodelled the Sorbitol production line to manufacture health products such as meal supplements made of Chlamydonas Reinhardtii powder and other nutrition though there was no related sales in the Current Period. The segment will leverage the production plant in Liaoning province and launch different new health products.

As to the Trading Segment, it seeks to bolster the volume through product diversification, various distribution channels and widening customer base in different territories. Leveraging a wholesaler licence in proprietary Chinese medicines ("PCMs"), the Group seeks direct exclusive distributorship of PCMs with manufacturers to enhance profitability. The Group continued to deepen corporation with Top Empire International Limited ("TEI") under TEI Framework Purchase Agreement on 10 January 2023 whereby the Group can secure stable supplies and thus is able to meet the scalable demand from the PRC market. It also puts the segment in an advantageous position to source some trendy and new products timely and in better terms. Leveraging the personal network and expertise in the industry, establishment of extensive distribution network of small and medium dispensaries in Hong Kong, the segment future looks promising and is considered as a growth impetus in the future.

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. We will constantly evaluate the performance of each segment, assess the market trends and restructure our businesses accordingly.

## SIGNIFICANT INVESTMENTS AND MATERIAL DISPOSALS

At 30 June 2023, the Group held loan receivables (excluding from a loan receivable from sale-leaseback transaction and those from money lending business) of HK$8.9 million (31 December 2022: HK$9.3 million), equity investments at fair value through other comprehensive income ("FVTOCI") of HK$91.3 million (31 December 2022: HK$93.2 million) and financial assets at FVTPL of approximately HK$121.7 million (31 December 2022: HK$123.3 million).

With no addition of the loan receivable in the Current Period (Corresponding Period: HK$3.5 million), the balance as at 30 June 2023 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$0.1 million (Corresponding Period: HK$1.2 million) and no impairment loss on the loan receivables (Corresponding Period: Nil).

The equity investments at FVTOCI of HK$91.3 million as at 30 June 2023 (31 December 2022: HK$93.2 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$1.0 million recognised through other comprehensive income in Current Period (Corresponding Period: HK$4.8 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 2023 included the equity investment of 55,500,000 shares or 9.69% of the total issued shares of Imagi Brokerage Limited ("Imagi Brokerage") (31 December 2022: 55,500,000 shares or 9.69%), whose fair value was HK$54.4 million or approximately 7.2% of the Group's total asset (31 December 2022: HK$54.9 million or approximately 7.6%) 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$0.5 million recognised to other comprehensive income in the Current Period (Corresponding Period: HK$4.8 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 2023.

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 30 June 2023.

The financial assets at FVTPL of HK$121.7 million as of 30 June 2023 (31 December 2022: HK$123.3 million) comprised of (i) 11 different unlisted fund and equity products in the PRC of HK$76.9 million (31 December 2022: 9 different unlisted fund and equity products in the PRC of HK$69.4 million) and (ii) numerous listed equity shares and bonds of HK$44.8 million in the Hong Kong and the Chinese stock exchanges (31 December 2022: HK$54.0 million). There was a fair value gain of HK$6.3 million (Corresponding Period: fair value loss of HK$16.4 million) and no dividend income (Corresponding Period: HK$0.5 million) 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 2022 and 30 June 2023.

As at 30 June 2023, the Group held two investment properties with aggregate fair value of HK$133.3 million (31 December 2022: HK$147.7 million) let out for rental income in Shanghai and Liaoning the PRC. During the Current Period, the Group recorded total rental income of HK$3.0 million (Corresponding Period: HK$2.8 million) and a fair value loss of HK$8.1 million (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. 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 2023, the Group had approximately 71 (31 December 2022: 65) 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 2023 or as at the date of this announcement.

## 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 2023 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$' million)* | **Actual use of Net Proceeds as at 1 January 2023** *(HK$' million)* | **Actual use of Net Proceeds as at 30 June 2023** *(HK$' million)* | **Unutilised amount of Net Proceeds as at 30 June 2023** *(HK$' 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 disruptions caused by 3-years long COVID-19 prevention measures and the unexpected market development of 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 the business but it is expected to be utilized by 31 December 2023. The remaining unutilised proceeds of HK$4.7 million has been deposited into bank accounts in Hong Kong.

## 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 2023, 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 deviations 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.

**Code Provision C.2.1**

Code provision C2.1 requires the roles of chairman and chief executive officer to be separate and should not be performed by the same individual. Upon the recent resignation of CEO, Mr. Wong Lik Ping has taken up that position and therefore it deviates from code provision C.2.1 of the CG Code. The Board believes that the current measure is interim in nature. In addition, under the supervision of the Board which is comprised of 5 Executive Directors, 1 Non-executive Director and 4 Independent Non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the shareholders as a whole.

## 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 2023 have been reviewed and approved by the audit committee.

## PUBLICATION 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 2023 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.**
**Wong Lik Ping**
*Chairman and Executive Director*

Hong Kong, 30 August 2023

*As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Siu Wai Bun, 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.*