



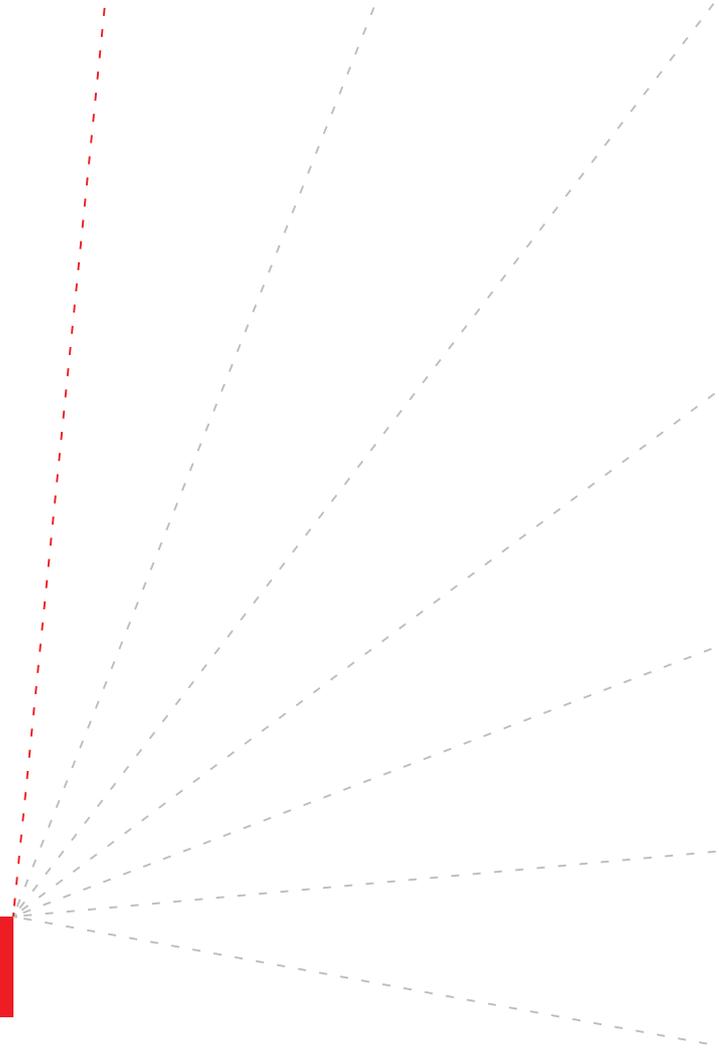
中国金融租赁集团
CHINA FINANCIAL LEASING GROUP

2011 ANNUAL REPORT
二零一一年年報



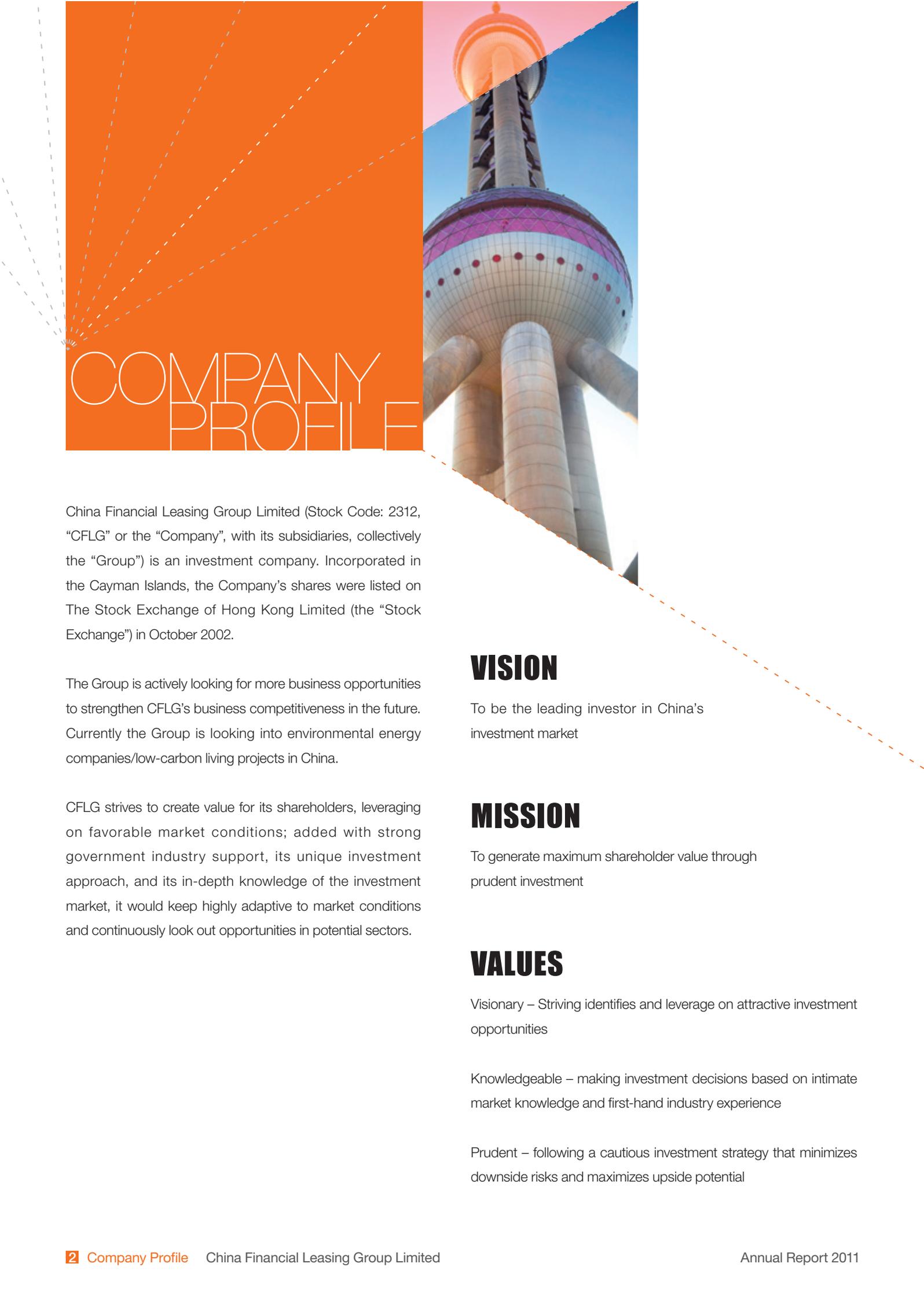
2011

STOCK CODE : 2312
CHINA FINANCIAL LEASING GROUP LIMITED
中國金融租賃集團有限公司



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COMPANY PROFILE

China Financial Leasing Group Limited (Stock Code: 2312, “CFLG” or the “Company”, with its subsidiaries, collectively the “Group”) is an investment company. Incorporated in the Cayman Islands, the Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in October 2002.

The Group is actively looking for more business opportunities to strengthen CFLG’s business competitiveness in the future. Currently the Group is looking into environmental energy companies/low-carbon living projects in China.

CFLG strives to create value for its shareholders, leveraging on favorable market conditions; added with strong government industry support, its unique investment approach, and its in-depth knowledge of the investment market, it would keep highly adaptive to market conditions and continuously look out opportunities in potential sectors.

VISION

To be the leading investor in China’s investment market

MISSION

To generate maximum shareholder value through prudent investment

VALUES

Visionary – Striving identifies and leverage on attractive investment opportunities

Knowledgeable – making investment decisions based on intimate market knowledge and first-hand industry experience

Prudent – following a cautious investment strategy that minimizes downside risks and maximizes upside potential

CHAIRMAN'S STATEMENT



I am pleased to once again present you with the 2011 Annual Report of China Financial Leasing Group Limited (“CFLG” or the “Group”) for the year ended 31 December 2011.

During the year of 2011, China's economy continued to develop favorably. Driven by the waves of government funding, investors accelerated their pace of transformation and development, and progressively increased their investment. The Group firmly captured the opportunities and demonstrated we have the right strategy and culture to deliver consistent and sustained value for our shareholders.

We understand the demand of high quality financial and investment services around the world, and with the stable and competent team in the Group, I strongly believe we can move ahead consistently and substantially and be on the right track in no time. Looking ahead, our goal is “to be a leading Chinese financial force”. With an efficient and honest management team and professional teammates; added with competitive advantage in local market, I am confident we will be able to deliver an effective outcome for the years ahead.

Patrick Choy.

Choy Kwok Hung, Patrick
Chairman

Hong Kong, 26 March 2012



MANAGEMENT DISCUSSION AND ANALYSIS

THE BIG PICTURE

Economic uncertainties unleashed by the global financial crises sustained the weak recovery of the advanced economies. As a result, growth was sluggish and concerns about inflation were dominant on account of the rising oil and commodity prices in the international markets and fears of fiscal stress in the years ahead. On the other hand, however, robust economic growth was recorded in emerging markets and developing economies based essentially on strong domestic demand which offset weak export demand. Financial market conditions in the advanced economies were, however, more stable than in the preceding two years while some emerging economies were confronted with challenges posed by large volatile capital inflows.

In specific terms, the softening of economic recovery in the US reflected the renewed deterioration in the housing market and the lackluster labour market performance, with private sector job creation still weak. However, China's massive official stimulus packages, estimated at 14 per cent of GDP and focused on infrastructure and housing, did not only boost aggregate demand

but also fed into a property bubble which the government is yet confronting. Consequent upon this, growth in China, which overtook that of Japan early in 2011 and made the former the world's second-largest economy, ended the year on a declining trend.

In the Euro Zone, a degree of calmness returned to the debt market following the approval of the European Financial Stability Facility (EFSF). Thus, despite high risk aversion in the market and the dependence of the region's banks on the wholesale markets, various countries of the Zone were able to make progress in fiscal reforms. On the other hand, the rebounding of commodity prices after their crash in the wake of the global financial crises kept pulling most developing economies to sustained recovery in 2011. For instance, according to the United Nations' 'World Economic Situation and Prospects 2011', the world price of crude oil fluctuated around US\$78 per barrel during 2011, up from the average of US\$62 for 2010. Most commodity prices similarly rebounded during 2011.

LOOKING FORWARD

Mindful of China's huge economic potential, investment company of all types are eager to invest in this growing market. Gradually, the Chinese Government is making it easier for them to invest, while balancing this with a desire to retain control over its currency. Foreign investors that are quick to take advantage of emerging opportunities will gain first-mover advantage.

In spite of concerns about a possible slowing of economic growth, China still represents huge potential for investors. At a time when much of the global economy is stagnating, observers still view China optimistically. In the past 20 years, China has achieved a remarkable 20-fold increase in its GDP, and the International Monetary Fund has predicted that it will contribute to more than one-third of global growth by 2015.

Vice Premier Li Keqiang made China's commitment to financial liberalisation clear when he visited Hong Kong in August 2011. In a speech outlining the Government's 12th Five-Year Plan (2011-2015), he announced 36 reforms. Notably, they included measures to help foreign direct investors by accelerating renminbi ("RMB") exchange conversions, and an extension to the Qualified Foreign Institutional Investors (QFIIs) regime for investing in China securities.

For investment companies, the growing liquidity of Hong Kong's RMB market, and the proliferation of associated financial products, mean the currency-related risks of investing in China are falling. Every time the Chinese Government takes another step towards liberalisation of the RMB and its investment markets — taking care not to weaken foreign-exchange controls — financial market participants quickly seize the opportunities presented. While investing in China might still seem dauntingly bureaucratic to international investors, many participants are moving quickly to secure positions in this potentially vast market.

Taking early advantage of China's emerging investment opportunities requires knowledge and skilled navigation of the necessary permissions. But the Chinese Government's commitment to change is beyond question. Investment companies eager to gain an edge in China might find that spending the extra time and effort needed to access the market will bring worthwhile rewards.

FINANCIAL REVIEW

As at 31 December 2011, the carrying value of the Group's listed equity investments were approximately HK\$19,361,000 (2010: HK\$ 6,933,000).

The Group recorded sales proceed from disposals of trading equity securities of approximately HK\$39,239,000 for the year ended 31 December 2011 (2010: HK\$41,800,000) and recorded a net loss on financial assets at fair value through profit or loss of approximately HK\$2,397,000 (2010: gain of HK\$1,140,000). Loss for the year was approximately HK\$12,170,000 (2010: loss of HK\$18,037,000) which mainly contributable by fair value loss of the equity securities as mentioned above.



INVESTMENT EQUITY

Listed below are the particulars of the Group's major listed equity investment as at 31 December 2011:

Name of Investee	Principal activities	Number of Shares	Percentage of interest held	Cost (HK\$)	Market prices (HK\$)	Market Value (HK\$)	Dividend received for the year ended 31 December 2011	Percentage of investments attributable to the Group's net assets
Ming Kei Holding Limited (8239)	Real Estate Investment	10,000,000	5.924	5,952,895.43	0.77	7,700,000.00	-	21.37
SML Corporation Limited (0198)	Entertainment	24,000,000	0.296	7,505,222.59	0.219	5,256,000.00	-	14.59
The Hong Kong and China Gas Company Limited (0003)	Gas Supply	170,000	0.002	3,065,957.90	18.00	3,060,000.00	-	8.49
Seamless Green China (Holdings) Limited (8150)	Industrial Supplies	2,000,000	0.940	1,773,462.46	0.94	1,880,000.00	-	5.22
Sinopharm Group Co. Ltd. (1099)	Industrial Supplies	50,000	0.060	1,003,600.00	18.66	933,000.00	-	2.59
Datronix Holdings Limited (0889)	Electronic Components	186,000	0.058	538,612.36	2.86	531,960.00	-	1.48

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2011, the Group had maintained cash and cash equivalents of approximately HK\$11,487,000 (2011: HK\$9,299,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

The Group had net assets of approximately HK\$36,025,000 (2010: HK\$16,903,000) and there were no borrowings or long-term liabilities as at 31 December 2011.

CAPITAL STRUCTURE

On 12 September 2011, the Company issued 139,635,000 shares under the placing agreement entered into between the Company and Metro Capital Securities Limited as placing agent on 1 September 2011, and the net proceeds of the placing were approximately HK\$6.84 million. Details of which were disclosed in the announcement of the Company dated 1 September 2011.

On 15 September 2011, the Company issued 67,425,000 shares upon the exercise of share options granted under the share option scheme adopted on 7 October 2002.

On 19 October 2011, the Company issued 80,309,520 shares upon the exercise of the unlisted warrants due on 23 October 2011.

On 10 January 2012, the Company issued 3,942,292,080 bonus shares pursuant to the bonus issue on the basis of four bonus shares for every then existing share held by the qualifying shareholders on 4 January 2012. On 27 January 2012, the Company changed the board lot size for trading of the shares from 15,000 shares to 20,000 shares. Details of which were disclosed in the circular of the Company dated 5 December 2011.

SUBSEQUENT EVENTS

On 20 February 2012, the Company consolidated every twenty issued and unissued shares of HK\$0.01 each into one consolidated share of HK\$0.20 each. Details of which were disclosed in the circular of the Company dated 2 February 2012.

On 2 March 2012, the Company issued 49,260,000 shares under the placing agreement entered into between the Company and Orient Securities Limited as placing agent on 23 February 2012, and the net proceeds of the placing were approximately HK\$11.3 million. Details of which were disclosed in the announcements of the Company dated 23 February 2012, 27 February 2012 and 2 March 2012.





MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES

The Group has not made any material acquisition or disposal of subsidiaries during the year under review.

EMPLOYEE BENEFITS

As at 31 December 2011, the Group had 10 employees, including 2 executive Directors. Total salary and housing cost for the year ended 31 December 2011 was HK\$2,836,000 and Directors' fees were HK\$1,220,000. The remuneration policy of the Group is reviewed annually and is in line with the prevailing market practice. During the year, no share options were granted to any directors or employees of the Group under the Company's share option scheme adopted on 7 October 2002.

CHARGES ON GROUP ASSETS

During the year, there were no charges on the Group's assets.

CONTINGENT LIABILITIES

During the year, there were no contingent liabilities noted by the Directors.

SIGNIFICANT INVESTMENTS

The Group has conducted serious evaluation on financial leasing investment opportunities in the PRC, and in the process we also kept a close look on other investment opportunities. An investment has been made in a company in the PRC providing LED solution, the Group has invested RMB2,400,000 (equivalent to HK\$3,341,000), which equaled to 12% of the equity in the investment.

FINAL DIVIDEND

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil)

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2011.



CORPORATE GOVERNANCE REPORT

The Company is committed to maintaining good corporate governance standards and procedures to ensure the integrity, transparency and quality of disclosure, thereby enhancing shareholder value.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) as its own code of corporate governance practices.

During the year ended 31 December 2011, the Company was in compliance with the code provisions set out in the CG Code except for the deviation from code provision A.4.1.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once in every three years in accordance with the Articles of Association of the Company (the “Articles”).

Save as aforesaid and in the opinion of the Directors, the Company was in compliance with the code provisions set out in the CG Code during the year ended 31 December 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, investment and strategic decisions and performance. The Board delegated authority and responsibility for day-to-day portfolio management of the Group to the Investment Manager, while reserving certain key matters for the approval by the Board. In addition, the Board has also delegated various responsibilities to the Board committees.

Further details of these committees are set out in this report. The Board currently consists of six Directors including two executive Directors, one non-executive Director and three independent non-executive Directors:

Executive Directors

Mr. Choy Kwok Hung, Patrick (*Chairman*)
Mr. Chan Chi Hung (*Managing Director*)

Non-executive Director

Mr. Yang Nai Jiang (*Deputy Chairman*)

Independent non-executive Directors

Mr. Yue Man Yiu, Matthew
Mr. Chung Koon Yan
Mr. Chung Shu Kun, Christopher

The Board members have no financial, business, family or other material / relevant relationships with each other. Such balanced Board composition is formed to ensure strong independence exists across the Board and has met the recommended practice under the CG Code for the Board to have at least one-third of its members comprising independent non-executive Directors. The biographical information of the Directors are set out under the section headed "Biographical Details of Directors" on pages 14 to 17 of this report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

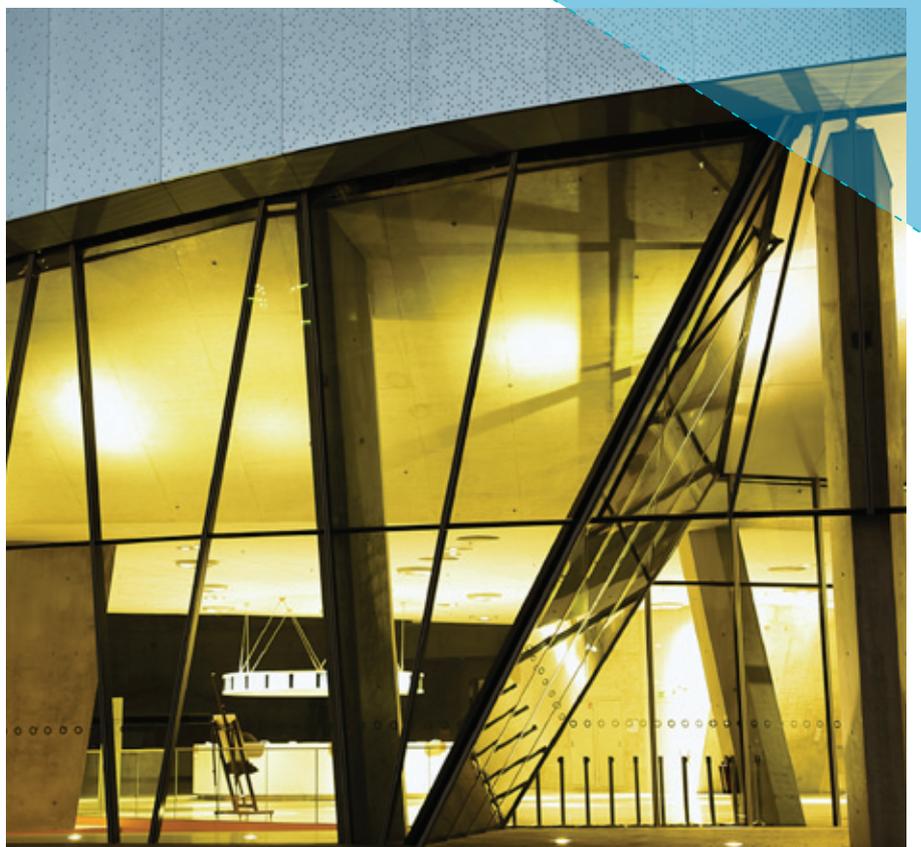
The two positions are held separately by two individuals to ensure their respective independence, accountability and responsibility. Mr. Choy Kwok Hung, Patrick, the Chairman of the Company, is in charge of the management of the Board and strategic planning of the Group. Mr. Chan Chi Hung, the Managing Director of the Company, is acting as the role of chief executive officer and is responsible for the day-to-day management of the Group's business.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The three independent non-executive Directors are persons of high caliber, with academic and professional qualifications, and extensive experience in the fields of accounting, financial, cultural development, computer operation and civil affairs. With their extensive experience, they provide strong support towards the effective discharge of the duties and responsibilities of the Board.

Each independent non-executive Director gave an annual confirmation of his independence to the Company, and the Company considered that they are independent under Rule 3.13 of the Listing Rules.

The three independent non-executive Directors are not appointed for a specific term, but they are all subject to retirement by rotation in accordance with the Articles.





BOARD MEETINGS

The Board has 4 scheduled meetings a year at quarterly intervals and additional meetings will be held as and when required. The 4 scheduled Board meetings for the year are planned in advance in order to make sure all Directors could plan in advance their availability to attend the scheduled Board meetings. During the regular Board meetings, the Board reviewed the operation and financial performance, and reviewed and approved the annual and interim results.

During the year ended 31 December 2011, the Board held 8 meetings. All Directors are given an opportunity to include any matters in the agenda for regular Board meetings and are given sufficient time to review documents and information relating to matters to be discussed during the Board meetings in advance.

Name of Directors	Number of meetings attended
<i>Executive Directors</i>	
Mr. Choy Kwok Hung, Patrick (<i>Chairman</i>)	8/8
Mr. Chan Chi Hung (<i>Managing Director</i>)	8/8
Mr. Lin Wen Pin*	3/3
<i>Non-executive Directors</i>	
Mr. Yang Nai Jiang (<i>Deputy Chairman</i>)**	3/3
Mr. Shi Rong Chang (<i>Deputy Chairman</i>)#	3/3
Mr. Li Xiao Chen (<i>Deputy Chairman</i>)##	1/3
<i>Independent Non-executive Directors</i>	
Mr. Yue Man Yiu, Matthew	8/8
Mr. Chung Koon Yan	8/8
Mr. Chung Shu Kun, Christopher	5/8

* Mr. Li Wen Pin was appointed on 31 August 2011 and resigned on 1 February 2012, 3 meetings were held in 2011 after his appointment.

** Mr. Yang Nai Jiang was appointed on 31 August 2011, 3 meetings were held after his appointment.

Mr. Shi Rong Chang was appointed on 31 August 2011 and resigned on 22 December 2011, 3 meetings were held during his term of appointment.

Mr. Li Xiao Chen was appointed on 16 September 2011 and resigned on 22 December 2011, 3 meetings were held during his term of appointment.

Board minutes are kept by the Company Secretary and are open for inspection by the Directors. Every Board member is entitled to have access to Board papers and related materials and has unrestricted access to the advice and services of the Company Secretary, and has the liberty to seek external professional advice if so required.

Appropriate insurance cover has been arranged in respect of relevant actions against its Directors.

NOMINATION OF DIRECTORS

In considering the nomination of new Directors, the Board will take into account the qualification, ability, working experience, leadership and professional ethics of the candidates, especially in regard to their experience in the investment business.

Before the Company established a Nomination Committee (the "Nomination Committee") on 21 December 2011, the full Board was responsible for the selection and approval of candidates for appointment as Directors to the Board.

During the year ended 31 December 2011, the Board held 1 meeting for approving the appointment of Directors.

Name of Directors

Number of meetings attended

Executive Directors

Mr. Choy Kwok Hung, Patrick (<i>Chairman</i>)	1/1
Mr. Chan Chi Hung (<i>Managing Director</i>)	1/1
Mr. Lin Wen Pin*	-

Non-executive Directors

Mr. Yang Nai Jiang (<i>Deputy Chairman</i>)**	-
Mr. Shi Rong Chang (<i>Deputy Chairman</i>)#	-
Mr. Li Xiao Chen (<i>Deputy Chairman</i>)##	-

Independent Non-executive Directors

Mr. Yue Man Yiu, Matthew	1/1
Mr. Chung Koon Yan	1/1
Mr. Chung Shu Kun, Christopher	0/1

* Mr. Li Wen Pin was appointed on 31 August 2011 and resigned on 1 February 2012, no meeting was held in 2011 after his appointment.

** Mr. Yang Nai Jiang was appointed on 31 August 2011, no meeting was held in 2011 after his appointment.

Mr. Shi Rong Chang was appointed on 31 August 2011 and resigned on 22 December 2011, no meeting was held during his term of appointment.

Mr. Li Xiao Chen was appointed on 16 September 2011 and resigned on 22 December 2011, no meeting was held during his term of appointment.

The Nomination Committee was established on 21 December 2011 with written terms of reference in compliance with the Listing Rules, and currently consists of one executive Director, namely Mr. Choy Kwok Hung, Patrick (as chairman) and two independent non-executive Directors, namely Mr. Yue Man Yiu, Matthew and Mr. Chung Koon Yan.

The Nomination Committee is mainly responsible for reviewing the structure, size and composition of the Board, identifying qualified individuals to become members of the Board, assessing the independence of the independent non-executive Directors and making recommendations to the Board on the appointment or re-appointment of Directors.

REMUNERATION OF DIRECTORS

The Company established a Remuneration Committee (the “Remuneration Committee”) on 28 June 2005 with written terms of reference in compliance with the Listing Rules, and currently consists of two independent non-executive Directors, namely Mr. Chung Koon Yan (as chairman) and Mr. Yue Man Yiu, Matthew, and one executive Director, namely Mr. Chan Chi Hung.

The Remuneration Committee is mainly responsible for making recommendations to the Board on the matters relating to the Company’s policy and structure for the remuneration of the Directors and senior management; and on the establishment of a formal and transparent procedure for developing policy on such remuneration.

The Remuneration Committee held 1 meeting during the year under review, with full attendance of the members, to discuss the remuneration package of Directors and senior management of the Company.

The Company adopted a share option scheme on 7 October 2002 and terminated the same at the extraordinary general meeting of the Company held on 12 January 2012, and the Company adopted a new share option scheme on the same date. The purpose of both share option schemes is to enable the Board, at its discretion, to grant options to any eligible participants, including Directors as incentives or rewards for their contribution to the Group. Details of the old share option scheme and the new share option scheme are set out in the Report of the Directors and note 22 to the financial statements. Details of the Directors’ remuneration are set out in note 13 to the financial statements.

AUDITOR’S REMUNERATION

During the year under review, the remuneration paid / payable to the Company’s auditor, BDO Limited, is set out below:

	Fee paid/payable HK\$’000
Audit services	230
Non-audit services	-
	<hr/> 230

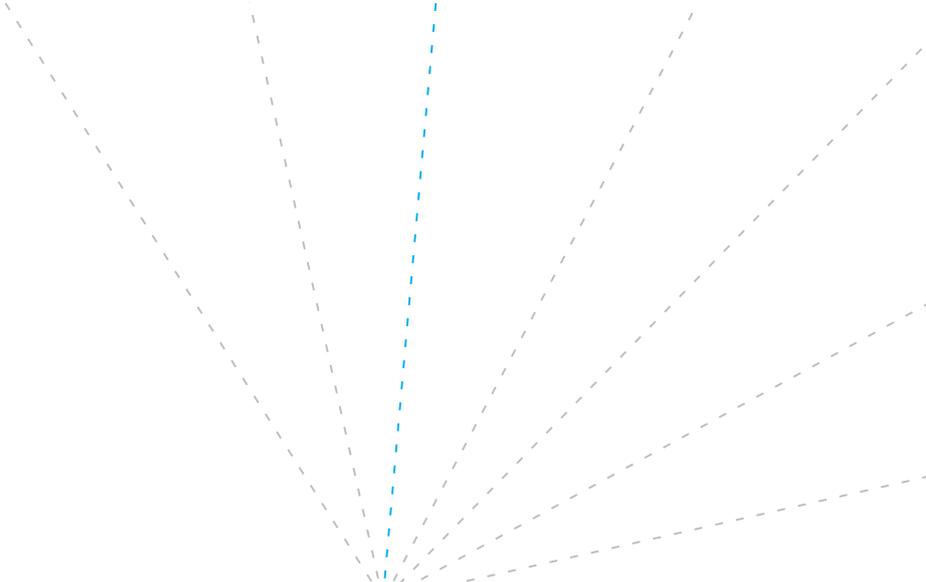
AUDIT COMMITTEE

The Company established an Audit Committee (the “Audit Committee”) on 7 October 2002. The Audit Committee currently comprises of three independent non-executive Directors, namely Mr. Yue Man Yiu, Matthew (as chairman), Mr. Chung Koon Yan and Mr. Chung Shu Kun, Christopher.

The Audit Committee meets at least twice a year. The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors and to approve the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of such auditors; reviewing the interim and annual reports and accounts of the Group; and overseeing the Company’s financial reporting system and internal control procedures.

Terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code.

The Audit Committee shall meet the external auditor to discuss any area of concern during the audit or review. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of standards, but also on the Listing Rules and the legal requirements in the review of the Company’s interim and annual reports. During the year ended 31 December 2011, the Audit Committee held 3 meetings and reviewed the interim and annual results of the Group together with the auditors of the Company. In the opinion of the Audit Committee, the preparation of such results complied with the applicable accounting standards and the Listing Rules.



DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare the Company's accounts for each financial period and to ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Board also ensures the timely publication of the financial statements. The Directors, having made appropriate enquiries, confirm that they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROL

The Board has overall responsibility for maintaining a proper and effective system of internal control of the Group.

The internal control system includes safeguard of the interest of shareholders and the Group's assets. The Board has delegated to management for the implementation of all relevant financial, operational, compliance controls and risk management function within a defined framework. During the year ended 31 December 2011, the Board has conducted a review of the system of internal control to ensure the effectiveness and adequacy of the system. The Board shall conduct such review at least once annually.

Name of Members

Number of meetings attended

Mr. Yue Man Yiu, Matthew	3/3
Mr. Chung Koon Yan	3/3
Mr. Chung Shu Kun, Christopher	2/3

SHAREHOLDER RIGHTS

The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. The Chairman of the Board and the chairmen of the Board committees attended the 2011 annual general meeting and the extraordinary general meetings of the Company held on 3 January 2011 and 21 December 2011 respectively to answer questions at the meeting.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information about the Company is disseminated to the shareholders through:

- delivery of interim and annual results and reports to all shareholders;
- publication of announcements on interim and annual results on the websites of the Company and the Stock Exchange, and issuance of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- the general meeting of the Company is an effective communication channel between the Board and shareholders.



BIOGRAPHICAL DETAILS OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Choy Kwok Hung, Patrick, aged 69, was appointed as the Chairman and a non-executive Director of the Company on 14 June 2007, and he has been re-designated as an executive Director of the Company with effect from 18 December 2008. He is also the chairman of the Nomination Committee. He is responsible for strategic development of the Group. He is the founder and chairman of Global Strategy Group Limited. He is an independent non-executive director of Solomon Systech (International) Limited, a company listed on the Stock Exchange. He had been an independent non-executive director of Road King Infrastructure Limited, a company listed on the Stock Exchange, up to 21 May 2009 and an independent non-executive director of Evergro Properties Limited, a company listed on the Stock Exchange of Singapore, up to 20 April 2009. He is a member of the National Committee of the Chinese People's Political Consultative Conference. Save as aforesaid, he did not hold any directorship in other listed public companies in the past three years.

There is no service contract entered into between the Company and Mr. Choy and no specific term of length of service. He is subject to retirement by rotation at least once in every three years in accordance with the Articles. Mr. Choy is entitled to a director's fee of HK\$360,000 per annum, which is determined by the Board with reference to the recommendation of the Remuneration Committee and the prevailing market conditions.

Mr. Choy is the father of Mr. Choy Git Yan, Timothy, the General Manager of the Company. Save as aforesaid, Mr. Choy does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO").

Mr. Chan Chi Hung, aged 39, was appointed as an executive Director of the Company on 26 April 2007 and was appointed as the Managing Director of the Company on 12 April 2010. He is the sole director of each of the subsidiaries of the Company. He is also a member of the Remuneration Committee. He is responsible for setting out the business development strategy of and identifying investment opportunities for the Group. Mr. Chan was the managing director of a leading foreign-owned leasing company in China. His expertise includes structuring of leveraged leasing and cross-broader leasing for overseas listed State-owned Enterprises. Before his active participation in the financial leasing industry, Mr. Chan was previously the investment manager of Springfield Financial in charge of its private



From left to right:

- > Mr. Chung Shu Kun, Christopher
- > Mr. Chung Koon Yan
- > Mr. Choy Kwok Hung, Patrick
- > Mr. Chan Chi Hung
- > Mr. Yue Man Yiu, Matthew

equity, fund-of-funds and fixed income investments portfolio. Prior to that, he was with J.P. Morgan Chase. He is currently a non-executive director of Build King Holdings Limited, a company listed on the Stock Exchange. Save as aforesaid, he did not hold any directorship in other listed public companies in the past three years.

There is no service contract entered into between the Company and Mr. Chan and no specific term of length of service. He is subject to retirement by rotation at least once in every three years in accordance with the Articles. Mr. Chan is entitled to a director's fee of HK\$300,000 per annum which is determined by the Board with reference to the recommendation of the Remuneration Committee and the prevailing market conditions.

Mr. Chan does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

NON-EXECUTIVE DIRECTOR

Mr. Yang Nai Jiang, aged 47, was appointed as the Deputy Chairman and a non-executive Director of the Company on 31 August 2011. He has over 16 years' experience in ironware industry. He is the founder and an executive director of 金正江大五金塑膠製品有限公司 (Jinzheng Jiangda Ironware and Plastic Products Company Limited). He did not hold any directorship in other listed public companies in the past three years.

There is no service contract entered into between the Company and Mr. Yang and the term of appointment of Mr. Yang as the Deputy Chairman and a non-executive Director is three years commencing from 31 August 2011. He will retire and be eligible for re-election at the next annual general meeting after his appointment, and thereafter, he is subject to retirement by rotation at least once in every three years in accordance with the Articles. He is entitled to a director's fee of HK\$360,000 per annum which is determined by the Board with reference to the recommendation of the Remuneration Committee and the prevailing market conditions.

Mr. Yang does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

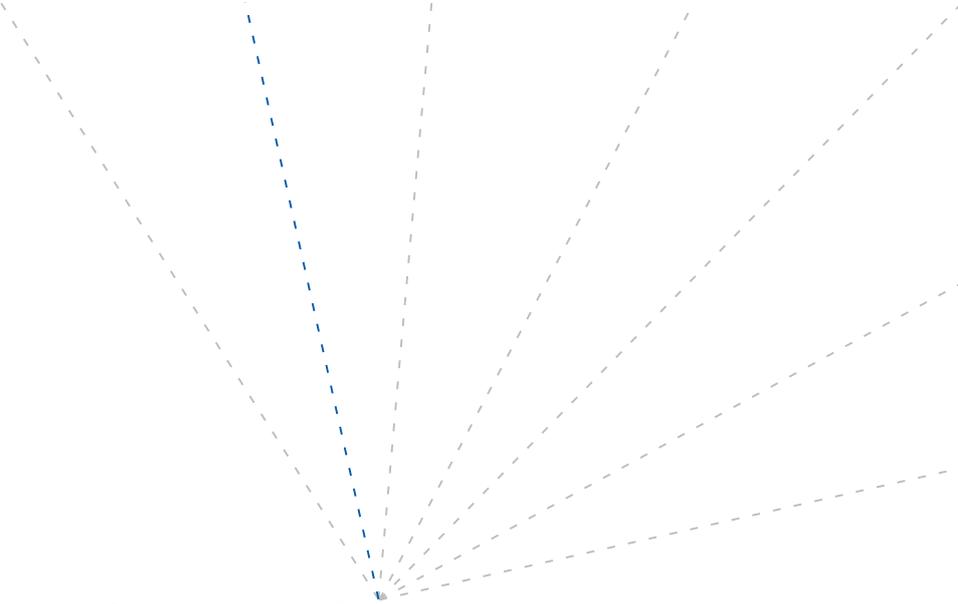
INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yue Man Yiu, Matthew, aged 50, was appointed as an independent non-executive Director of the Company on 4 June 2002. He is also the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee. He graduated from the Chinese University of Hong Kong with a Bachelor's Degree of Business Administration in 1984. He is a fellow member of the Association of Chartered Certified Accountants, a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Securities Institute. He has extensive experience in the financial control, project analysis and management functions. He is presently the director of a consultancy & investment company and chief financial officer of a company which engages in retail & wholesale sales business. Mr. Yue is currently an independent non-executive director of Asia Cassava Resources Holdings Limited, China Suntien Green Energy Corporation Limited and Royale Furniture Holdings Limited, companies listed on the Stock Exchange. Save as aforesaid, he did not hold any directorship in other listed public companies in the past three years.

There is no service contract entered into between the Company and Mr. Yue and no specific term of length of service. He is subject to retirement by rotation at least once in every three years in accordance with the Articles. Mr. Yue is entitled to a director's fee of HK\$120,000 per annum which is determined by the Board with reference to the recommendation of the Remuneration Committee and the prevailing market conditions.

Mr. Yue does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Chung Koon Yan, aged 48, was appointed as an independent non-executive Director of the Company on 30 September 2004. He is also a member of the Audit Committee and the Nomination Committee and the chairman of the Remuneration Committee. Mr. Chung is a fellow member of The Hong Kong Institute of Certified Public Accountants and The Association of Chartered Certified Accountants, and a member of The Institute of Chartered Accountants in England and Wales. He graduated from The Hong Kong Polytechnic University with a Master of Professional Accounting. Mr. Chung is a Director of an accounting firm, Chiu, Choy & Chung CPA Limited, and has more than 21 years' experience in accounting, auditing and taxation. Mr. Chung is currently an independent non-executive director of Shenzhen High-Tech Holdings Limited, a company listed on the main board of the Stock Exchange, and Trasy Gold Ex Limited and Great World Company Holdings Limited, both are companies listed on the Growth Enterprise Market of the Stock Exchange. Save as aforesaid, he did not hold any directorship in other listed public companies in the past three years.



There is no service contract entered into between the Company and Mr. Chung and no specific term of length of service. He is subject to retirement by rotation at least once in every three years in accordance with the Articles. He is entitled to a director's fee of HK\$120,000 per annum which is determined by the Board with reference to the recommendation of the Remuneration Committee and the prevailing market conditions.

Mr. Chung does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Chung Shu Kun, Christopher, aged 55, was appointed as an independent non-executive Director of the Company on 1 February 2009. He is also a member of the Audit Committee. Mr. Chung has extensive experience in cultural development, computer operation and civil affairs. He is presently a member of the board of governors of Hong Kong Art Centre and Hong Kong Sinfonietta and also a Director of Hong Kong Repertory Theatre Limited, Public Art Hong Kong Limited and Hong Kong Art Development Council. From 2000 to 2007, Mr. Chung was the vice chairman of the governing council of Hong Kong Repertory Theatre Limited. Prior to these, he was a computer operator and a computer coordinator of The Chinese University of Hong Kong and Mass Transit Railway Corporation Limited respectively and a computer supervisor

of Hong Kong Security Limited and The Hong Kong Jockey Club from 1976 to 1999. Mr. Chung has been a member of Election Committee of the National People's Congress in Hong Kong Area and Election Committee of the chief executive of the Hong Kong Special Administrative Region since 1997. He is currently the chairman and an elected member of Eastern District Council and was previously an elected member of Urban Council, a member of Liquor License Board, the chairman of Performing Companies Working Group Committee and the vice chairman of Libraries Select Committee. Besides, Mr. Chung engages in advisory and statutory consultative bodies. He is a member of Municipal Services Appeals Board, Advisory Committee on Agriculture and Fisheries and Engineering, Development & Maintenance SCS Drafting Subcommittee. Mr. Chung is also the full member of The Hong Kong Institute of Directors, Hong Kong Computer Society and Internet Professional Association Limited. He holds master degrees of Science (e-business) in Glasgow Caledonia University and MBA of University of Wales. Mr. Chung was awarded Medal of Honor and Bronze Bauhinia Star in 1999 and 2009, respectively. The Hong Kong SAR Government appointed Mr. Chung to be a Justice of the Peace in 2003. He did not hold any directorship in other listed public companies in the past three years.

There is no service contract entered into between the Company and Mr. Chung and no specific term of length of service. He is subject to retirement by rotation at least

once in every three years in accordance with the Articles. Mr. Chung is entitled to a director's fee of HK\$120,000 per annum which is determined by the Board with reference to the recommendation of the Remuneration Committee and the prevailing market conditions.

Mr. Chung does not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company and does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

REPORT OF THE DIRECTORS



The Board is pleased to submit their report together with the audited financial statements of the Group for the year ended 31 December 2011.

PRINCIPAL ACTIVITIES

The Group is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed securities in Hong Kong and overseas on a general perspective as well as loan financing business and the investment in the financial leasing business in the PRC.

Details of the principal activities of the subsidiaries are set out in note 15 to the financial statements.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 December 2011 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 26 to 66.

The Directors did not recommend the payment of a final dividend for the year ended 31 December 2011.

ANNUAL GENERAL MEETING

The 2012 annual general meeting of the Company (the "2012 AGM") will be convened and held on Wednesday, 23 May 2012.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 21 to the financial statements.

SHARE OPTION SCHEME

Old Share Option Scheme

The Company conditionally adopted a share option scheme (the "Old SO Scheme") on 7 October 2002 (the "Adoption Date") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old SO Scheme included any persons being employees, officers,

agents, consultants or representatives of the Group. The Old SO Scheme became unconditional on 28 October 2002 upon the listing of the Company's shares on the Stock Exchange and, unless otherwise cancelled or amended, shall remain in force for 10 years from the Adoption Date. The Old SO Scheme was terminated pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 12 January 2012.

Further details of the Old SO Scheme were disclosed in the prospectus of the Company dated 15 October 2002.

Details of movements in the Company's share options granted under the Old SO Scheme during the year ended 31 December 2011 are as follows:-

Name and category	Date of grant of share options*	Exercise period of share options**	Exercise price of share options*** (HK\$)	Number of shares fall to be issued under the share option			
				Outstanding at 1 January 2011	Exercised during the year	Lapsed during the year	Outstanding at 31 December 2011
Directors							
Mr. Choy Kwok Hung, Patrick	14.12.2010	15.12.2010 to 14.12.2020	0.111	6,975,000	6,975,000	-	-
Mr. Chan Chi Hung	14.12.2010	15.12.2010 to 14.12.2020	0.111	6,975,000	6,975,000	-	-
Employees							
In aggregate	14.12.2010	15.12.2010 to 14.12.2020	0.111	53,475,000	53,475,000	-	-
Total				67,425,000	67,425,000	-	-

Notes:

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The exercise period will lapse in one month after the resignation of the eligible participants.

*** The exercise price of the share options is subject to adjustment in the event of any capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of shares as consideration in respect of a transaction).

New Share Option Scheme

The Company adopted a share option scheme (the "New SO Scheme") on 12 January 2012. The purpose of the New SO Scheme is to enable the Group to grant options to eligible participants as incentives or rewards for their contribution to the Group. Eligible participants of the New SO Scheme include, but not limited by any persons being employees, officers, agents, consultants or representatives of the Group. The New SO Scheme became unconditional upon the Stock Exchange granted on 13 January 2012 the approval of the listing of and permission to deal in the shares falling to be issued pursuant to the exercise of any options to be granted under the New SO Scheme and, unless otherwise cancelled or amended, shall remain in force for 10 years from the adoption date.

The maximum number of shares issuable under share options to each eligible participant in the New SO Scheme and the other scheme (if any) in any 12-month's period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted under the New SO Scheme and the other schemes (if any) must not in aggregate exceed 10% of the shares of the Company in issue (the "10% Limit") as at 12 January 2012, being the date of passing the resolution by the shareholders at the extraordinary general meeting approving and adopting the New SO Scheme. The Company may seek approval of its shareholders in a general meeting to refresh the 10% Limit at any time in accordance with the Listing Rules.

The maximum number of shares which may be allotted and issued upon exercise of all outstanding options granted and yet to be exercised under the New SO Scheme and the other schemes (if any) shall not exceed of 30% of the share capital of the Company in issue from time to time. In making of an offer to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is a proposed grantee of the share options).

In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the offer) in excess of HK\$5 million, within any 12-month's period, are subject to the shareholders' approval in a general meeting in accordance with the Listing Rules.

Any offer may be accepted by an eligible participant in respect of less than the number of shares which are offered provided that such number is clearly stated in the duplicate letter comprising acceptance of the offer duly signed by such eligible participants and received by the Company together with a remittance in favour of the Company of HK\$1.00 (which shall not be later than 21 days from the offer date). The exercise price of the share options is determinable by the Directors, but shall not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the offer date; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date; and (iii) the nominal value of the Company's shares.

Further details of the New SO Scheme were disclosed in the circular of the Company dated 16 December 2011.

No option was granted under the New SO Scheme since its adoption.

PRE-EMPTIVE RIGHTS

There are no provisions for preemptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2011.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 23 to the financial statements and in the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

Under the Companies Law (2007 Revision) of the Cayman Islands, the share premium account of the Company of approximately HK\$26,181,000 as at 31 December 2011, is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium account may also be distributed in the form of fully paid bonus shares.

DIRECTORS

The Directors of the Company during the year and up to the date of this report were as follows:

Executive Directors

Mr. Choy Kwok Hung, Patrick (*Chairman*)
Mr. Chan Chi Hung (*Managing Director*)
Mr. Lin Wen Pin*

Non-executive Directors

Mr. Yang Nai Jiang (*Deputy Chairman*)**
Mr. Shi Rong Chang (*Deputy Chairman*)#
Mr. Li Xiao Chen (*Deputy Chairman*)##

Independent Non-executive Directors

Mr. Yue Man Yiu, Matthew
Mr. Chung Koon Yan
Mr. Chung Shu Kun, Christopher

* Mr. Li Wen Pin was appointed on 31 August 2011 and resigned on 1 February 2012.

** Mr. Yang Nai Jiang was appointed on 31 August 2011.

Mr. Shi Rong Chang was appointed on 31 August 2011 and resigned on 22 December 2011.

Mr. Li Xiao Chen was appointed on 16 September 2011 and resigned on 22 December 2011.

Mr. Yang Nai Jiang was appointed as a non-executive Director and the Deputy Chairman of the Company on 31 August 2011, and he is subject to re-election at the 2012 AGM pursuant to Article 87(3) of the Articles and, being eligible, offered himself for re-election at the 2012 AGM.

Pursuant to Article 88(1) of the Articles, Mr. Choy Kwok Hung, Patrick and Mr. Yue Man Yiu, Matthew will retire by rotation and, being eligible, offered themselves for re-election at the 2012 AGM.

INDEPENDENCE CONFIRMATION

The Company has received, from each of the independent non-executive Directors of the Company, an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considered all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the 2012 AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No Director had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or its subsidiary was a party during the year.

DIRECTORS' INTERESTS IN SHARES

At 31 December 2011, the interest or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provision of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"):

Interests in shares, underlying shares and debentures of the Company

Name of Director	Type of interests	Long position/ short position	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Yang Nai Jiang	Beneficial interest	Long position	24,885,000	2.52

Save as disclosed above, as at 31 December 2011, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Apart from those as disclosed above relating to the Old SO scheme, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company or its subsidiary a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2011, the interests or short positions of every person, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Interests in shares and underlying shares of the Company

Name of shareholder	Type of interest	Long position/ short position	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Choy Git Yan, Timothy	Beneficial interest	Long position	118,327,500	12.01
	Beneficial interest	Short position	132,600,000	13.45
Soho Finance Limited	Beneficial interest	Long position	132,600,000	13.45

CONNECTED TRANSACTION

During the year, the Company has paid/payable HK\$705,000 as investment management fee to Wealth Assets Management Limited ("Wealth Assets"), the investment manager of the Company which is wholly-owned by Mr. Chan Chi Hung, an executive Director of the Company, for the provision by Wealth Assets of investment management services to the Company. The above transaction constitutes a de minimis continuing connected transaction which is exempted from reporting, annual review, announcement and independent shareholders' approval requirement under Rule 14A.33(3) of the Listing Rules.

Details of the above connected transaction is disclosed in note 27 to the financial statements.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float as required under the Listing Rules during the year and up to the date of this report.

On behalf of the Board

Choy Kwok Hung, Patrick

Chairman

Hong Kong, 26 March 2012

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the CG Code of reviewing and providing supervision over the Group's financial reporting process and internal controls.

The Audit Committee comprises three independent non-executive Directors, Mr. Yue Man Yiu, Matthew (as chairman), Mr. Chung Koon Yan and Mr. Chung Shu Kun, Christopher.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2011.

AUDITOR

The financial statements for the year ended 31 December 2009 were audited by Grant Thornton ("GTHK"), now known as JBPB & Co. Due to a merger of the business of GTHK and BDO Limited ("BDO") to practise in the name of BDO, GTHK resigned on 30 November 2010, and BDO was appointed as auditor of the Company at the extraordinary general meeting of the Company held on 3 January 2011. Save as aforesaid, there was no change in auditors during the past three years. The financial statements for the years ended 31 December 2010 and 2011 were audited by BDO.

A resolution will be submitted to the 2012 AGM for the re-appointment of BDO as auditor of the Company.

REPORT OF FINANCIAL
STATEMENTS

CHINA FINANCIAL LEASING GROUP LIMITED

For the year ended 31 December 2011
(Stock code: 2312)



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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF CHINA FINANCIAL LEASING GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Financial Leasing Group Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 26 to 66, which comprise the consolidated and company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited

Certified Public Accountants
Joanne Y. M. Hung
Practising Certificate no. P05419

Hong Kong, 26 March 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000
Revenue	6	58	180
Net (loss) / gain on financial assets at fair value through profit or loss		(2,397)	1,140
		(2,339)	1,320
Administrative expenses		(9,831)	(19,357)
Loss before income tax	8	(12,170)	(18,037)
Income tax expense	9	-	-
Loss for the year and total comprehensive loss for the year attributable to the owners of the Company	10	(12,170)	(18,037)
		HK cents	HK cents (Restated)
Loss per share for loss attributable to the owners of the Company during the year	11		
- Basic		(6.22)	(13.77)
- Diluted		N/A	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	380	524
Available-for-sale financial assets	16	3,341	-
		3,721	524
Current assets			
Financial assets at fair value through profit or loss	17	19,361	6,933
Other receivables, deposits and prepayments	18	1,784	744
Loan receivables	19	-	-
Cash and cash equivalents	20	11,487	9,299
		32,632	16,976
Current liabilities			
Other payables and accruals		328	597
		32,304	16,379
Net current assets			
		36,025	16,903
Total assets less current liabilities / Net assets			
EQUITY			
Equity attributable to the owners of the Company			
Share capital	21	9,856	6,982
Reserves	23	26,169	9,921
		36,025	16,903
Total equity			

Choy Kwok Hung, Patrick
Director

Chan Chi Hung
Director

STATEMENT OF FINANCIAL POSITION

as at 31 December 2011

	Notes	2011 HK\$'000	2010 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	380	524
Interests in subsidiaries	15	1	1
Available-for-sale financial assets	16	3,341	-
		3,722	525
Current assets			
Financial assets at fair value through profit or loss	17	19,361	6,933
Other receivables, deposits and prepayments	18	1,781	743
Cash and cash equivalents	20	11,487	9,299
		32,629	16,975
Current liabilities			
Other payables and accruals		314	585
Net current assets		32,315	16,390
Total assets less current liabilities / Net assets		36,037	16,915
EQUITY			
Share capital	21	9,856	6,982
Reserves	23	26,181	9,933
Total equity		36,037	16,915

Choy Kwok Hung, Patrick
Director

Chan Chi Hung
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2011

	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Warrants reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2010	3,373	(note 23(i)) 11,483	-	987	(12,709)	3,134
Employee share-based compensation (note 22)	-	-	6,462	-	-	6,462
Issue of ordinary shares (note 21(i) to (iii))	3,609	22,374	-	-	-	25,983
Share issue expenses	-	(639)	-	-	-	(639)
Transactions with owners	3,609	21,735	6,462	-	-	31,806
Loss for the year and total comprehensive loss for the year	-	-	-	-	(18,037)	(18,037)
At 31 December 2010 and 1 January 2011	6,982	33,218	6,462	987	(30,746)	16,903
Issue of ordinary shares (note 21(iv))	1,397	5,725	-	-	-	7,122
Share issue expenses	-	(178)	-	-	-	(178)
Share options exercised (note 22)	674	13,272	(6,462)	-	-	7,484
Warrants exercised (note 23(ii))	803	17,048	-	(987)	-	16,864
Transactions with owners	2,874	35,867	(6,462)	(987)	-	31,292
Loss for the year and total comprehensive loss for the year	-	-	-	-	(12,170)	(12,170)
At 31 December 2011	9,856	69,085	-	-	(42,916)	36,025

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2011

	2011 HK\$'000	2010 HK\$'000
Cash flows from operating activities		
Loss before income tax	(12,170)	(18,037)
Adjustments for :		
Depreciation	244	212
Bank interest income	(1)	(1)
Dividend income	(57)	(2)
Loan and other interest income	-	(177)
Share-based payment expenses	-	6,462
Impairment loss on loan receivables	-	3,177
Write off of property, plant and equipment	-	168
Operating loss before working capital changes	(11,984)	(8,198)
Increase in financial assets at fair value through profit or loss	(12,428)	(6,933)
Increase in other receivables, deposits and prepayments	(1,040)	(145)
Decrease in other payables and accruals	(269)	(41,892)
Cash used in operations	(25,721)	(57,168)
Bank interest received	1	1
Dividend income received	57	2
Loan and other interest income received	-	50
<i>Net cash used in operating activities</i>	(25,663)	(57,115)
Cash flows from investing activities		
Purchase of property, plant and equipment	(100)	(393)
Acquisition of available-for-sale financial assets	(3,341)	-
<i>Net cash used in investing activities</i>	(3,441)	(393)
Cash flows from financing activities		
Proceeds from share options exercised	7,484	-
Proceeds from warrants exercised	16,864	-
Proceeds from issue of shares	7,122	25,983
Share issue expenses	(178)	(639)
<i>Net cash generated from financing activities</i>	31,292	25,344
Net increase / (decrease) in cash and cash equivalents	2,188	(32,164)
Cash and cash equivalents at 1 January	9,299	41,463
Cash and cash equivalents at 31 December	11,487	9,299

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

1. GENERAL INFORMATION

China Financial Leasing Group Limited (the "Company") was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2007 Revision) of the Cayman Islands. The address of its registered office and principal place of business are located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and Room 4209, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong respectively. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities in Hong Kong and overseas on a general perspective as well as loan financing business in the People's Republic of China (the "PRC").

The financial statements for the year ended 31 December 2011 were approved for issue by the board of directors of the Company on 26 March 2012.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new / revised HKFRSs – effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
Amendments to HKAS 32	Classification of Rights Issues
HKAS 24 (Revised)	Related Party Disclosures

The adoption of these new / revised standards and interpretations has no material impact on the Group's financial statements.

(b) New / revised HKFRSs that have been issued but are not yet effective

The following new / revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets ¹
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income ²
HKFRS 10	Consolidated Financial Statements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³
HKAS 27 (2011)	Separate Financial Statements ³
HKAS 19 (2011)	Employee Benefits ³
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities ³
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities ⁴
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments ⁵

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

(b) New / revised HKFRSs that have been issued but are not yet effective (Continued)

- ¹ Effective for annual periods beginning on or after 1 July 2011
- ² Effective for annual periods beginning on or after 1 July 2012
- ³ Effective for annual periods beginning on or after 1 January 2013
- ⁴ Effective for annual periods beginning on or after 1 January 2014
- ⁵ Effective for annual periods beginning on or after 1 January 2015

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

The Group is in the process of making an assessment of the potential impact of these new / revised HKFRSs and the directors are not yet in a position to quantify the effects on the Group's financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements on pages 26 to 66 have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRSs") and the disclosure requirements of Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The significant accounting policies that have been used in the preparation of these financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the financial statements, if any, are disclosed in note 2.

3.2 Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments, which are stated at fair value as explained in the accounting policies set out below.

3. BASIS OF PREPARATION (Continued)

3.2 Basis of measurement (Continued)

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

3.3 Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK\$"), which is also the functional currency of the Company.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (see 4.2 below) made up to 31 December each year.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group assets sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

4.2 Subsidiaries

Subsidiaries are entities (including special purpose entities) over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

In consolidated financial statements, acquisition of subsidiaries (other than those under common control) is accounted for by applying the acquisition method. This involves the estimation at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group's accounting policies.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.3 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into HK\$. Assets and liabilities have been translated into HK\$ at the closing rates at the reporting date. Income and expenses have been converted into HK\$ at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the translation reserve in equity.

4.4 Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following basis:

- (i) interest income is recognised on a time-proportion basis using the effective interest method; and
- (ii) dividend income is recognised when the right to receive payment is established.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.5 Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and accumulated impairment losses.

Depreciation on property, plant and equipment is provided to write off the cost less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Motor vehicles	4 years
Furniture and office equipment	4 years

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other cost, such as repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.6 Impairment of non-financial assets

Property, plant and equipment, prepayments and interests in subsidiaries are subject to impairment testing.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.7 Leases

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance lease. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges as the lessee

Where the Group has the right to use the assets held under operating leases, payments made under the leases are charged to profit or loss on a straight-line method over the lease term except where an alternative basis is more representative of the time pattern of benefits to be derived from the leased assets. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payment made. Contingent rental are charged to the profit or loss in the accounting period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial assets

The Group's accounting policies for financial assets other than interests in subsidiaries are set out below.

The Group's financial assets include available-for-sale financial assets, financial assets at fair value through profit or loss, other receivables, deposits and cash and cash equivalents. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets were acquired and where allowed and appropriate, re-evaluates this designation at every reporting date.

All financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade date. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred.

At each reporting date, financial assets are reviewed to assess whether there is objective evidence of impairment. If any such evidence exists, impairment loss is determined and recognised based on the classification of the financial asset.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss. Fair value is determined by reference to active market transactions or using a valuation technique where no active market exists. Fair value gain or loss does not include any dividend or interest earned on these financial assets. Dividend and interest income is recognised in accordance with the Group's accounting policies in note 4.4 to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial assets (Continued)

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are subsequently measured at amortised cost using the effective interest method, less any impairment losses. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction cost.

(iii) Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

Impairment of financial assets

At each reporting date, financial assets other than at fair value through profit or loss are reviewed to determine whether there is any objective evidence of impairment.

Objective evidence of impairment of individual financial assets includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

Loss events in respect of a group of financial assets include observable data indicating that there is a measurable decrease in the estimated future cash flows from the group of financial assets. Such observable data includes but not limited to adverse changes in the payment status of debtors in the group and, national or local economic conditions that correlate with defaults on the assets in the group.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.8 Financial assets (Continued)

Impairment of financial assets (Continued)

If any such evidence exists, the impairment loss is measured and recognised as follows:

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss is recognised in profit or loss of the period in which the impairment occurs.

If, in subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that it does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss of the period in which the reversal occurs.

Available-for-sale financial assets

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, an amount is removed from equity and recognised in the profit or loss as impairment loss. That amount is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in the profit or loss.

Reversals in respect of investment in equity instruments classified as available-for-sale are not recognised in the profit or loss. The subsequent increase in fair value is recognised directly in other comprehensive income. Impairment losses in respect of debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognised. Reversal of impairment losses in such circumstances are recognised in the profit or loss.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Accounting for income taxes

Income tax comprises current and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly to equity.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.9 Accounting for income taxes (Continued)

- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4.10 Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand, demand deposits and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

4.11 Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued.

Any transaction costs associated with the issue of shares are deducted from share premium (net of any related income tax benefits) to the extent that they are incremental costs directly attributable to the equity transaction.

4.12 Retirement benefit costs and short term employee benefits

(i) Defined contribution plan

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions after payment of the fixed contribution.

The contributions recognised in respect of defined contribution plans are expensed as they fall due. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.12 Retirement benefit costs and short term employee benefits (Continued)

(ii) Short term employee benefits

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

4.13 Employee share-based compensation

The Group operates an equity-settled, share-based compensation plan.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is ultimately recognised as an expense in profit or loss with a corresponding increase in equity. If vesting periods or other vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options ultimately are exercised than originally estimated.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited or are still not exercised at the expiry date, the amount previously recognised in share options reserve will be transferred to retained profits.

4.14 Financial liabilities

The Group's financial liabilities include other payables and accruals.

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in profit or loss.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amount is recognised in profit or loss.

Financial liabilities are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.15 Warrants

Warrants issued by the Company are recorded at the proceeds received, net of direct issue costs. At the time when the warrants are exercised, the amount previously recognised in warrant reserve will be transferred to share premium.

4.16 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.17 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations.

The Group has identified the following reportable segments:

- investment in listed and unlisted securities with revenue of dividend income received for the securities;
- provision of loan financing with revenue of interest income recognised.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- (i) gain/loss on disposal of property, plant and equipment;
- (ii) depreciation on property, plant and equipment;
- (iii) write off of property, plant and equipment;
- (iv) income tax; and
- (v) corporate income and expenses which are not directly attributable to the business activities of any operating segment;

are not included in arriving at the operating results of the operating segment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

4.17 Segment reporting (Continued)

Corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, which primarily applies to the Group's headquarter.

4.18 Related parties

(a) For the purposes of these financial statements, a person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Unlisted equity instruments

HKAS 39 precludes the Group from measuring equity instruments at fair value, if the fair value of investment in equity instruments that do not have a quoted market price in an active market is not reliably measurable. In making this judgment, the Group considers the following information:

- the variability in the range of reasonable fair value estimates is significant for that instrument; or
- the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value.

(ii) Impairment of receivables

The Group's management determines impairment of receivables on a regular basis. This estimate is based on the credit history of its customers / borrowers and current market conditions. Management reassesses the impairment of receivables at each reporting date.

(iii) Depreciation on property, plant and equipment

The Group depreciates its property, plant and equipment on a straight-line method over their estimated useful lives of four years, i.e. 25% per annum. The estimated useful lives reflect the directors' estimate of the period that the Group will derive future economic benefits from the use of the Group's property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

6. REVENUE

Revenue, which is also the Group's turnover, recognised during the year is as follows:

	2011 HK\$'000	2010 HK\$'000
Bank interest income	1	1
Dividend income	57	2
Loan interest income	-	177
	58	180

The results arising from the fair value change of financial assets at fair value through profit or loss are shown separately in the consolidated statement of comprehensive income under the line of "Net (loss) / gain on financial assets at fair value through profit or loss". The gross proceeds from trading of securities for the year amounted to approximately HK\$39,239,000 (2010: HK\$41,800,000).

7. SEGMENT INFORMATION

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There are two business components/reportable segments in the internal reporting to the executive directors, which are investment in listed and unlisted securities and provision of loan financing.

These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

	Investment in listed and unlisted securities		Provision of loan financing		Total	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue						
From external customers	57	2	-	177	57	179
Reportable segment revenue	57	2	-	177	57	179
Reportable segment profit/(loss)	(3,045)	482	-	(3,000)	(3,045)	(2,518)
Reportable segment assets	23,147	8,168	-	-	23,147	8,168
Impairment loss on loan receivables	-	-	-	(3,177)	-	(3,177)

7. SEGMENT INFORMATION (Continued)

The totals presented for the Group's operating segments reconcile to the Group's key financial figures as presented in the financial statements are as follows:

	2011 HK\$'000	2010 HK\$'000
Reportable segment revenue	57	179
Unallocated corporate revenue	1	1
Group revenue	58	180
Reportable segment loss	(3,045)	(2,518)
Unallocated corporate revenue	1	1
Depreciation	(244)	(212)
Write off of property, plant and equipment	-	(168)
Unallocated corporate expenses	(8,882)	(15,140)
Loss before income tax	(12,170)	(18,037)
Reportable segment assets	23,147	8,168
Other corporate assets	13,206	9,332
Group assets	36,353	17,500
Reportable segment liabilities	-	-
Other corporate liabilities	328	597
Group liabilities	328	597

The Group's revenue from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers		Non-current assets	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Hong Kong (domicile)	58	53	380	524
The PRC	-	127	-	-
	58	180	380	524

The jurisdiction of domicile is determined by referring to the jurisdiction which the Group regards as its home location, has the majority of operations and centre of management.

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for the year ended 31 December 2011

7. SEGMENT INFORMATION (Continued)

The geographical location of customer is based on the location at which the services were provided. The geographical location of the non-current assets is based on the physical location of the asset.

During the year ended 31 December 2010, approximately HK\$127,000 or 71% of the Group's revenue was derived from a single customer in loan financing business. No revenue was generated from the loan financing business during the year ended 31 December 2011.

8. LOSS BEFORE INCOME TAX

	2011 HK\$'000	2010 HK\$'000
Loss before income tax is arrived at after charging:		
Auditor's remuneration	230	200
Depreciation	244	212
Employee benefit expenses (note 12)	4,056	10,131
Exchange loss, net	1	-
Operating lease charges in respect of land and buildings	1,468	1,217
Impairment loss on loan receivables	-	3,177
Write off of property, plant and equipment	-	168

9. INCOME TAX EXPENSE

The Group is not subject to any taxation under the jurisdiction of the Cayman Islands and British Virgin Islands ("BVI") during the year (2010: Nil).

No Hong Kong profits tax has been provided as the Group did not generate any assessable profit for the year (2010: Nil).

Reconciliation between income tax expense and accounting loss at applicable tax rates:

	2011 HK\$'000	2010 HK\$'000
Loss before income tax	(12,170)	(18,037)
Tax on loss before income tax, calculated at applicable rate of 16.5% (2010: 16.5%)	(2,008)	(2,976)
Tax effect of non-taxable income	(10)	(58)
Tax effect of non-deductible expenses	119	1,805
Tax effect on tax losses not recognised	1,899	1,229
Income tax expense	-	-

9. INCOME TAX EXPENSE (Continued)

At the reporting date, the Group has unused tax losses of HK\$78,693,000 (2010: HK\$67,178,000) available for offsetting against future taxable profits of the companies which incurred the losses. Deferred tax assets have not been recognised in respect of these losses due to the unpredictability of future profit streams. Under the current tax legislation, the tax losses can be carried forward indefinitely.

Saved as disclosed above, the Group and the Company did not have any significant deferred tax assets and liabilities as at 31 December 2011 (2010: Nil).

10. LOSS FOR THE YEAR

Of the consolidated loss for the year attributable to the owners of the Company of approximately HK\$12,170,000 (2010: HK\$18,037,000), a loss of approximately HK\$12,170,000 (2010: HK\$17,622,000) has been dealt with in the financial statements of the Company.

11. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the owners of the Company of approximately HK\$12,170,000 (2010: HK\$18,037,000) and on the weighted average number of 195,554,179 ordinary shares (2010: 130,988,332, restated ordinary shares) in issue during the year, as adjusted to reflect the bonus issue and share consolidation after the reporting date but before the approval of these financial statements.

In the calculation of the diluted loss per share attributable to the owners of the Company for the year ended 31 December 2011, the potential shares arising from the exercise of the Company's warrants and share options would decrease the loss per share attributable to the owners of the Company and was not taken into account as they had an anti-dilutive effect (2010: anti-dilutive).

12. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	2011 HK\$'000	2010 HK\$'000
Salaries and other allowances (including directors' remuneration) (note 13(i))	3,949	3,584
Pension costs – defined contribution plans	107	85
Employee share-based payment expense (note 22)	-	6,462
	4,056	10,131

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for the year ended 31 December 2011

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS

(i) Directors' remuneration

The remuneration paid or payable to the directors were as follows:

	Date of appointment/ resignation during the year	Fees	Salaries, allowances and benefits in kind	Share-based payment expenses	Pension costs – defined contribution plans	Total
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2011						
Executive directors						
Chan Chi Hung		300	195	-	12	507
Choy Kwok Hung, Patrick		360	-	-	-	360
Lin Wen Pin	Appointed on 31 August 2011 and resigned on 1 February 2012	200	-	-	-	200
Independent non-executive directors						
Chung Koon Yan		120	-	-	-	120
Yue Man Yiu, Matthew		120	-	-	-	120
Chung Shu Kun, Christopher		120	-	-	-	120
Shi Rong Chang	Appointed on 31 August 2011 and resigned on 22 December 2011	-	-	-	-	-
Yang Nai Jiang	Appointed on 31 August 2011	-	-	-	-	-
Li Xiao Chen	Appointed on 16 September 2011 and resigned on 22 December 2011	-	-	-	-	-
		1,220	195	-	12	1,427
Year ended 31 December 2010						
Executive directors						
Chan Chi Hung		300	195	669	12	1,176
Choy Kwok Hung, Patrick		360	319	669	-	1,348
Independent non-executive directors						
Chung Koon Yan		120	-	-	-	120
Yue Man Yiu, Matthew		120	-	-	-	120
Chung Shu Kun, Christopher		120	-	-	-	120
		1,020	514	1,338	12	2,884

13. DIRECTORS' REMUNERATION AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(i) Directors' remuneration (Continued)

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2010: Nil).

(ii) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2010: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) highest paid individuals during the year are as follows:

	2011 HK\$'000	2010 HK\$'000
Salaries and other allowances	1,139	669
Pension costs - defined contribution plans	35	31
Employee share-based payment expenses	-	1,955
	1,174	2,655

The emoluments fell within the following band:

	Number of individuals	
	2011	2010
Nil - HK\$1,000,000	3	3

During the year, no emoluments were paid by the Group to the Company's directors or any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office (2010: Nil).

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for the year ended 31 December 2011

14. PROPERTY, PLANT AND EQUIPMENT

Group and Company

	Motor vehicles HK\$'000	Furniture and office equipment HK\$'000	Total HK\$'000
At 1 January 2010			
Cost	403	500	903
Accumulated depreciation	(168)	(224)	(392)
Net book amount	235	276	511
Year ended 31 December 2010			
Opening net book amount	235	276	511
Additions	139	254	393
Disposals	-	(168)	(168)
Depreciation	(104)	(108)	(212)
Closing net book amount	270	254	524
At 31 December 2010 and 1 January 2011			
Cost	542	404	946
Accumulated depreciation	(272)	(150)	(422)
Net book amount	270	254	524
Year ended 31 December 2011			
Opening net book amount	270	254	524
Additions	-	100	100
Depreciation	(135)	(109)	(244)
Closing net book amount	135	245	380
At 31 December 2011			
Cost	542	504	1,046
Accumulated depreciation	(407)	(259)	(666)
Net book amount	135	245	380

15. INTERESTS IN SUBSIDIARIES/AMOUNTS DUE FROM SUBSIDIARIES

Company

	2011 HK\$'000	2010 HK\$'000
Unlisted shares, at cost	1	1
Amounts due from subsidiaries	2,682	2,668
Less : Impairment losses recognised	(2,682)	(2,668)
	-	-

The movement in the impairment losses recognised for amounts due from subsidiaries is as follows:

	2011 HK\$'000	2010 HK\$'000
Balance at 1 January	2,668	17
Impairment losses recognised	14	2,651
Balance at 31 December	2,682	2,668

The amounts due from subsidiaries are unsecured, interest-free and repayable on demand.

The directors consider that the carrying amounts of the amounts due from subsidiaries approximate their fair values at the reporting dates because these amounts have short maturity periods on their inception, such that the time value of money impact is not significant.

Particulars of the subsidiaries at 31 December 2011 are as follows:

Name of subsidiaries	Place of incorporation/ kind of legal entity	Particulars of issued and fully paid share capital	Percentage of issued capital held by the Company directly	Principal activities and place of operation
China Financial Leasing Group (B.V.I.) Limited	BVI, limited liability company	1 ordinary share of US\$1	100%	Provision of loan financing, the PRC
China Financial Leasing Group (Hong Kong) Limited	Hong Kong, limited liability company	1 ordinary share of HK\$1	100%	Dormant, Hong Kong

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for the year ended 31 December 2011

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Group and Company

	2011 HK\$'000	2010 HK\$'000
Equity securities, at cost		
Unlisted in the PRC	3,341	-

Particulars of the unlisted available-for-sale equity securities at 31 December 2011 are as follows:

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
Beijing LED Lighting Engineering Company Limited ("BJLED")	PRC	Wholesale of high technology electronic products	RMB2,760,000	12% (2010: Nil)

BJLED is a PRC Company, in which Mr. Choy Kwok Hung, Patrick, an executive director of the Company, has equity interest in it.

The unlisted available-for-sale equity securities are measured at cost less impairment at each reporting date because there was no open market on the unlisted investment and the management has no intention to dispose such investment at the reporting date. Accordingly, the directors of the Company are of the opinion that fair value cannot be reliably measured.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group and Company

	2011 HK\$'000	2010 HK\$'000
Equity securities held for trading, at fair value		
Listed in Hong Kong	19,361	6,933

Fair values of these investments have been determined by reference to their quoted bid prices at the reporting date. Financial assets at fair value through profit or loss are presented within the section on operating activities as a part of changes in working capital in the consolidated statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded as net (loss) / gain on financial assets at fair value through profit or loss in the consolidated statement of comprehensive income.

During the year ended 31 December 2011, the Group purchased an equity security listed in Hong Kong at a consideration of HK\$51,000 and sold at HK\$28,000, in which a director of the Company, Mr. Chan Chi Hung, is a non-executive director.

As at 31 December 2011, the carrying amount of the listed equity securities of the following companies exceed 10% of total assets of the Group and the Company.

Name	Place of incorporation	Principal activities	Particulars of issued shares held	Interest held
SMI Corporation Limited	Bermuda	Movie production and operation of movie theatre	24,000,000 ordinary shares (2010: Nil)	0.3% (2010: Nil)
Ming Kei Holdings Limited	Bermuda	Property investment in Hong Kong and the PRC, business of general trading in the PRC and business of coal trading between the PRC and Indonesia	10,000,000 ordinary shares (2010: Nil)	5.9% (2010: Nil)

18. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Deposits	1,090	256	1,090	256
Prepayments	694	413	691	412
Other receivables	-	75	-	75
	1,784	744	1,781	743

The directors consider that the carrying amounts of other receivables and deposits approximate their fair values at the reporting dates because these amounts have short maturity periods on their inception, such that the time value of money impact is not significant.

19. LOAN RECEIVABLES

The analysis of the Group's loan receivables is as follows:

	2011 HK\$'000	2010 HK\$'000
Loan receivables	3,177	3,177
Less: Impairment losses recognised	(3,177)	(3,177)
	-	-

The movement in the impairment loss recognised for loan receivables is as follows:

	2011 HK\$'000	2010 HK\$'000
Balance at 1 January	3,177	-
Impairment loss recognised	-	3,177
Balance at 31 December	3,177	3,177

On 29 March 2009, the Group entered into agreements with an independent third party in respect of motor vehicles rental business in the PRC. The transactions were accounted for as collateralised borrowings in accordance with the applicable standards and interpretations issued by the HKICPA.

At 31 December 2010, loan receivables were determined to be impaired on the basis of default in interest and principal payments of the counterparty which indicates that the Group's receivables may not be fully recovered.

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for the year ended 31 December 2011

20. CASH AND CASH EQUIVALENTS

Group and Company

Cash and cash equivalents include the following components:

	2011 HK\$'000	2010 HK\$'000
Cash at banks and in hand	11,042	8,139
Demand deposits	445	1,160
	11,487	9,299

Cash and cash equivalents comprise cash at banks and in hand and demand deposit with originally maturity of three months or less. The carrying amounts of the cash and cash equivalents approximate their fair values.

The demand deposits carried an effective interest rate of 0.04% (2010: 0.04%) per annum as at 31 December 2011.

21. SHARE CAPITAL

	Notes	Number of shares	HK\$'000
Authorised:			
At 1 January 2010, 31 December 2010, 1 January 2011 and 31 December 2011, ordinary shares of HK\$0.01 each		30,000,000,000	300,000
Issued and fully paid:			
At 1 January 2010 ordinary shares of HK\$0.01 each		337,344,000	3,373
Issue of ordinary shares on placing	(i)	67,455,000	675
Issue of ordinary shares on open offer	(ii)	202,399,500	2,024
Issue of ordinary shares on placing	(iii)	91,005,000	910
At 31 December 2010 and 1 January 2011, ordinary shares of HK\$0.01 each		698,203,500	6,982
Issue of ordinary shares on placing	(iv)	139,635,000	1,397
Share options exercised	22	67,425,000	674
Warrants exercised	23(ii)	80,309,520	803
At 31 December 2011, ordinary shares of HK\$0.01 each		985,573,020	9,856

Notes:

- (i) On 11 February 2010, 67,455,000 shares of HK\$0.01 each were issued at a price of HK\$0.086 per share pursuant to a placing agreement on 2 February 2010 as detailed in an announcement dated 11 February 2010.

21. SHARE CAPITAL (Continued)

Notes: (Continued)

- (ii) On 25 May 2010, 202,399,500 shares of HK\$0.01 each were issued pursuant to the open offer at a price of HK\$0.057 per share on the basis of one share for every two existing shares held by the qualifying shareholders on 30 April 2010 as detailed in a circular dated 3 May 2010.
- (iii) On 13 December 2010, 91,005,000 shares of HK\$0.01 each were issued at a price of HK\$0.095 per share pursuant to a placing agreement on 26 November 2010 as detailed in an announcement dated 13 December 2010.
- (iv) On 1 September 2011, 139,635,000 shares of HK\$0.01 each were issued at a price of HK\$0.051 per share pursuant to a placing agreement on 1 September 2011 as detailed in an announcement dated 1 September 2011.

22. SHARE-BASED EMPLOYEE COMPENSATION

The Company conditionally adopted a share option scheme (the "SO Scheme") on 7 October 2002 (the "Adoption Date") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the SO Scheme include any persons being employees, officers, agents, consultants or representatives of the Group. The SO Scheme became unconditional on 28 October 2002 upon the listing of the Company's shares on the Stock Exchange and, unless otherwise cancelled or amended, will remain in force for 10 years from the Adoption Date.

The maximum number of shares issuable under share options to each eligible participant in the SO Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options to any eligible participant in excess of this limit is subject to shareholders' approval in a general meeting. The total number of shares which may be issued upon exercise of all share options to be granted must not represent more than 10% of the nominal amount of all the issued shares of the Company (the "10% Limit") as at the date on which trading in the shares of the Company on the Stock Exchange first commenced. The Company may seek approval from its shareholders in a general meeting to refresh the 10% Limit at any time in accordance with the Listing Rules.

The maximum number of unexercised share options currently permitted to be granted under the SO Scheme is an amount equivalent, upon their exercise, to 30% of the shares of the Company in issue from time to time.

Share options granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, are subject to the approval of the independent non-executive directors (excluding any independent non-executive director who is a proposed grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within a 12-month period, are subject to the shareholders' approval in a general meeting in accordance with the Listing Rules.

The offer of a grant of share options shall remain open for acceptance for a period of 28 days from the date of the offer of the grant. The grant of share options is effective upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise price of the share options is determinable by the directors, but may not be less than the higher of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the share options; and (iii) the nominal value of the Company's shares.

Further details of the SO Scheme are disclosed in the prospectus of the Company dated 15 October 2002.

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22. SHARE-BASED EMPLOYEE COMPENSATION (Continued)

Details of the share options granted by the Company pursuant to the SO Scheme and the share options outstanding as at 31 December 2011 were as follows :

Date of grant	Exercisable period	Number of Options				Balance at 31 December 2011	Exercise price per share HK\$
		Balance at 1 January 2011	Granted During the year	Exercise during the year	Lapsed during the year		
Executive directors							
Mr. Choy Kwok Hung, Patrick	14 December 2010	15 December 2010 to 14 December 2020	6,975,000	-	6,975,000	-	0.111
Mr. Chan Chi Hung	14 December 2010	15 December 2010 to 14 December 2020	6,975,000	-	6,975,000	-	0.111
Employees of the Group							
	14 December 2010	15 December 2010 to 14 December 2020	53,475,000	-	53,475,000	-	0.111
			67,425,000	-	67,425,000	-	

Date of grant	Exercisable period	Balance at 1 January 2010	Granted on 14 December 2010	Exercise during the year	Lapsed during the year	Balance at 31 December 2010	Exercise price per share HK\$
Executive directors							
Mr. Choy Kwok Hung, Patrick	14 December 2010	-	6,975,000	-	-	6,975,000	0.111
Mr. Chan Chi Hung	14 December 2010	-	6,975,000	-	-	6,975,000	0.111
Employees of the Group							
	14 December 2010	-	53,475,000	-	-	53,475,000	0.111
			-	67,425,000	-	67,425,000	

The fair values of share options granted on 14 December 2010 of approximately HK\$6,462,000 (note 12) were determined by the directors using the Black-Scholes Option Pricing Model. Significant inputs into the calculation included a share price on grant date of HK\$0.11 and exercise price as illustrated above. Furthermore, the calculation took into account of maturity of share options of 10 years and volatility of the Company's share at 91%. The underlying expected volatility was determined with reference to the historical share price information of the Company during the year ended 31 December 2010. Risk-free rate was determined at 2.83% per annum.

On 9 September 2011, 67,425,000 options were exercised at the exercise price of HK\$0.111 per share pursuant to the SO Scheme. The weighted average share price for share options exercised during the year at the date of exercise was HK\$0.12.

23. RESERVES

Group

	Notes	2011 HK\$'000	2010 HK\$'000
Share premium	(i)	69,085	33,218
Share options reserve		-	6,462
Warrants reserve	(ii)	-	987
Accumulated losses		(42,916)	(30,746)
		26,169	9,921

The movement of the Group's reserves for the years are presented in the consolidated statement of changes in equity.

Company

	Share premium HK\$'000 Note (i)	Share options reserve HK\$'000	Warrants reserve HK\$'000 Note (ii)	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2010	11,483	-	987	(13,112)	(642)
Issue of ordinary shares (note 21(i) – (iii))	22,374	-	-	-	22,374
Share issue expenses	(639)	-	-	-	(639)
Employee share-based compensation (note 22)	-	6,462	-	-	6,462
Transactions with owners	21,735	6,462	-	-	28,197
Loss for the year and total comprehensive loss for the year	-	-	-	(17,622)	(17,622)
At 31 December 2010 and 1 January 2011	33,218	6,462	987	(30,734)	9,933
Issue of ordinary shares (note 21(iv))	5,725	-	-	-	5,725
Share issue expenses	(178)	-	-	-	(178)
Share options exercised (note 22)	13,272	(6,462)	-	-	6,810
Warrants exercised (note (ii))	17,048	-	(987)	-	16,061
Transactions with owners	35,867	(6,462)	(987)	-	28,418
Loss for the year and total comprehensive loss for the year	-	-	-	(12,170)	(12,170)
At 31 December 2011	69,085	-	-	(42,904)	26,181

NOTES TO THE FINANCIAL STATEMENTS

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23. RESERVES (Continued)

Notes:

- (i) In accordance with the Companies Law (2007 Revision) of the Cayman Islands, the share premium is distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.
- (ii) On 24 October 2008, the Company entered into six subscription agreements with six independent investors, namely Chan Ka Ling, Tang Man Lai, Ho Chuek Kan, Chong Wai Moon, Chong Wai Tim and Yeung Wai Chun for the issue of warrants. The Company issued 337,300,000 non-listed warrants at the issue price of HK\$0.003 per warrant. The warrants will mature in 36-month period from the date of issue. Each warrant entitles the holder thereof to subscribe for one new share at exercise price of HK\$0.05 per new share, payable in cash and subject to adjustment. Consideration of HK\$987,000, net of issuance expenses of approximately HK\$25,000, was received in respect of warrants. After the share consolidation being effective on 19 December 2008, the exercise price per new share was adjusted from HK\$0.05 to HK\$0.25 and the number of warrants was adjusted from 337,300,000 to 67,460,000. Each warrant of the Company shall confer right to subscribe for 1 consolidated share of HK\$0.25. After the capital reduction and share sub-division effective on 31 March 2009, by cancelling the paid-up capital to the extent of HK\$0.24 on each share in issue, each warrants of the Company shall confer right to subscribe for 1 consolidated share of HK\$0.01 effective on 31 March 2009, but the exercise price per share and the number of warrants in issue remained unchanged.

Pursuant to the terms and conditions of the warrant agreements, the exercise price per new share of the warrants has been adjusted from HK\$0.25 to HK\$0.21 and the number of warrants has been adjusted from 67,460,000 to 80,309,524 with effect from 1 May 2010 as a result of the open offer as mentioned in note 21(ii).

The reason for the issues was to raise additional funds for the Group to invest in suitable investment opportunities.

On 19 October 2011, 80,309,520 warrants were exercised at the exercise price of HK\$0.21 per share and resulted in the issue of 80,309,520 shares of HK\$0.01 each.

24. OPERATING LEASE COMMITMENTS

Group and Company

At 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable by the Group / Company as follows:

	2011 HK\$'000	2010 HK\$'000
Within one year	4,725	1,284
In the second to fifth years inclusive	3,067	1,480
	7,792	2,764

The Group / Company leases certain of its office properties under operating leases. The leases run for an initial period of one to two years, with options to renew the lease terms at the expiry dates or at dates as mutually agreed between the Group / Company and the respective landlords/lessors. None of the leases include contingent rentals.

25. OTHER COMMITMENTS

As at 31 December 2010 and 2011, the Group and the Company have no significant commitments.

26. CONTINGENT LIABILITIES

As at 31 December 2010 and 2011, the Group and the Company have no significant contingent liabilities.

27. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in these consolidated financial statements, the Group had the following significant transactions with related parties:

	Notes	2011 HK\$'000	2010 HK\$'000
Investment management fee paid/payable to Wealth Assets Management Limited	(i)	705	660
Property management expenses paid to Global Strategy Group Limited	(ii)	-	75

Notes :

(i) Pursuant to the investment management agreement dated 7 October 2002 (the "Investment Management Agreement") entered into between the Company and Wealth Assets Management Limited (the "Investment Manager"), the Investment Manager has agreed to provide the Company with investment management services (excluding general administrative services) for a three-year period commencing on 28 October 2002, the date of the commencement of the trading of the Company's shares on the Stock Exchange. The Investment Management Agreement will continue for successive periods of three years, unless terminated at any time by either the Company or the Investment Manager serving not less than six month's notice in writing to the other party, and will expire on the last day of the three-year period or any of the relevant successive periods.

Mr. Chan Chi Hung, an executive director of the Company, has equity interests in the Investment Manager and is one of the directors of the Investment Manager.

(ii) During the year ended 31 December 2011, property management expenses of approximately HK\$Nil (2010: HK\$75,000) for usage of fixed assets were paid to Global Strategy Group Limited. Mr Choy Kwok Hung, Patrick, an executive director of the Company, is a substantial shareholder of Global Strategy Group Limited. These property management expenses were made with reference to the terms negotiated between the relevant parties.

(b) Included in employee benefit expenses and directors' remuneration are key management personnel compensation and comprises the following categories:

	2011 HK\$'000	2010 HK\$'000
Short term employee benefits	2,159	1,947
Employee share-based payment expense	-	1,338
Contributions to defined contribution plans	48	28
	2,207	3,313

28. EVENT AFTER REPORT DATE

Pursuant to the ordinary resolution of extraordinary general meeting passed on 21 December 2011, a bonus issue was approved to issue on the basis of four bonus shares for every existing share, to shareholders whose names appear on the register of members of the Company on 21 December 2011. The bonus issue was completed on 10 January 2012 and 3,942,292,080 ordinary shares of HK\$0.01 each were issued.

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28. EVENT AFTER REPORT DATE (Continued)

Pursuant to the ordinary resolution of extraordinary general meeting passed on 12 January 2012, adoption of a new share option scheme ("New Share Option Scheme") and termination of the SO Scheme were approved. Further details of the New Share Option Scheme are disclosed in the circular of the Company dated 16 December 2011.

Pursuant to the announcement made by the Company on 20 January 2012, the directors of the Company proposed to effect the share consolidation pursuant to which every twenty issued and unissued shares of HK\$0.01 each in the share capital of the Company will be consolidated into one consolidated share of HK\$0.2 each (the "Share Consolidation"). The Share Consolidation is approved by the shareholders on 17 February 2012 and completed on 21 February 2012.

On 2 March 2012, 49,260,000 shares of HK\$0.2 each were issued at a price of HK\$0.238 per share pursuant to a placing agreement on 23 February 2012 as detailed in an announcement dated 23 February 2012.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including currency risk, price risk and interest risk), credit risk and liquidity risk.

The Group's overall risk management focuses on unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group currently does not have any written risk management policies and guidelines. However, the board of directors meets periodically and cooperates closely with key management to analyse and formulate strategies to manage and monitor financial risk. The Group has not used any derivatives or other instruments for hedging purpose. The most significant financial risks to which the Group is exposed to are described below.

(i) Categories of financial assets and liabilities

The carrying amounts presented in the consolidated and company statements of financial position related to the following categories of financial assets and financial liabilities:

	Group		Company	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Financial assets				
At cost less impairment				
Available-for-sale financial assets	3,341	-	3,341	-
At fair value				
Financial assets at fair value through profit or loss	19,361	6,933	19,361	6,933
Loans and receivables				
Loan receivables	-	-	-	-
Other receivables	-	75	-	75
Cash and cash equivalents	11,487	9,299	11,487	9,299
	34,189	16,307	34,189	16,307
Financial liabilities				
At amortised cost				
Other payables and accruals	328	597	314	585

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(ii) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group did not have significant exposures to currency risk.

All the financial assets and liabilities of the Group and the Company are denominated in HK\$ except the available-for-sale financial assets are denominated in RMB. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(iii) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group has no borrowing which bears fixed or floating interest rates. The Group's exposure to market risk for changes in interest rates relates primarily to cash and cash equivalents. The Group currently does not have any interest rate hedging policy. However, the directors monitor interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

The directors are of the opinion that the Group's sensitivity to the change in interest rate is low.

(iv) Price risk

Equity price risk relates to the risk that the fair values of equity securities will fluctuate because of changes in the levels of equity indices and the values of individual securities. The Group and the Company are mainly exposed to equity price risk arising from the investments in listed equity securities classified as financial assets at fair value through profit or loss as at 31 December 2010 and 2011 as mentioned in note 16 which are valued at quoted market prices at the reporting dates. The Group's and the Company's investments in listed equity securities are mainly publicly traded in the Stock Exchange.

Equity price sensitivity analysis

For the equity securities listed on the Stock Exchange, an average volatility of 6.74% (2010: 3.22%) has been observed in the Heng Seng Index during 2011.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(iv) Price risk (Continued)

The table below summaries the impact of increase/decrease of the Heng Seng Index on the Group's and the Company's net loss for the year and accumulated losses. The analysis is based on the assumption that the Heng Seng Index had increased/decreased by 10% (2010: 10%) with all other variables held constant and all the Group's and the Company's listed equity securities moved according to the historical correlation with the Hang Seng Index:

	2011 +10% HK\$'000	2011 -10% HK\$'000	2010 +10% HK\$'000	2010 -10% HK\$'000
Net loss for the year and accumulated losses	(1,936)	1,936	(693)	693

(v) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The carrying amounts of other receivables, amounts due from subsidiaries, cash and cash equivalents and loan receivables represent the Group's and the Company's maximum exposure to credit risk in relation to its financial assets. The carrying amounts of these financial assets presented in the consolidated and company statements of financial position are net of impairment losses, if any. The Group minimises its exposure to the credit risk by rigorously selecting the counterparties and performing ongoing credit evaluation on the financial conditions. Follow-up actions are taken in case of overdue balances. In addition, management reviews the recoverable amount of the receivables individually or collectively at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group's management considers that all the above financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The credit risk on cash and cash equivalents is limited because the counterparties are mainly banks with high credit-ratings assigned by international credit-rating agencies.

The credit and investment policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

29. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS (Continued)

(vi) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities.

The Group's policy is to regularly monitor its liquidity requirements to ensure that the Group maintains sufficient reserves of cash to meet its liquidity requirements in the financial liabilities. Cash flows are closely monitored on an ongoing basis.

The liquidity policies have been followed by the Group since prior years and are considered to have been effective in managing liquidity risks.

All the Group's and the Company's financial liabilities will be settled within 12 months from the reporting date. As at 31 December 2010 and 2011, the Group has no borrowings. Based on the assessment of the directors, liquidity risk encountered by the Group and the Company is minimal.

(vii) Fair value measurements recognised in the statement of financial position

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

As at 31 December 2011, financial assets at fair value through profit or loss measured at fair value in the consolidated and company statements of financial position are in accordance with level one of the fair value hierarchy (2010: level one).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2011

30. CAPITAL MANAGEMENT - GROUP

The Group's objectives when managing capital are:

- (i) To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns and benefits for stakeholders;
- (ii) To support the Group's stability and growth; and
- (iii) To provide capital for the purpose of strengthening the Group's risk management capability.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

The Group also balances its overall capital structure periodically. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. The Group will also consider the raise of long-term borrowings as second resource of capital when investment opportunities arise and the return of such investments will justify the cost of debts from the borrowings.

The Group regards total equity as capital, for capital management purpose. The amount of capital as at 31 December 2011 amounted to approximately HK\$36,025,000 (2010: HK\$16,903,000), in which the Group considers as optimal having considered the projected capital expenditures and the projected strategic investment opportunities.

The Group also endeavours to ensure the steady and reliable cash flow from the normal business operation. For both years ended 31 December 2010 and 2011, the Group did not raise any debts.

FIVE YEAR FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for last five financial years, as extracted from the audited financial statements, is set out below. The summary does not form part of the audited financial statements.

RESULTS

	Year ended 31 December 2011 HK\$'000	Year ended 31 December 2010 HK\$'000	Year ended 31 December 2009 HK\$'000	Year ended 31 December 2008 HK\$'000	Year ended 31 December 2007 HK\$'000
Revenue	58	180	186	674	730
(Loss)/Profit before income tax	(12,170)	(18,037)	(8,324)	(54,209)	33,238
Income tax expense	-	-	-	-	-
(Loss)/Profit attributable to the owners of the Company	(12,170)	(18,037)	(8,324)	(54,209)	33,238

ASSETS AND LIABILITIES

	At 31 December 2011 HK\$'000	At 31 December 2010 HK\$'000	At 31 December 2009 HK\$'000	At 31 December 2008 HK\$'000	At 31 December 2007 HK\$'000
Total assets	36,353	17,500	45,623	12,945	65,900
Total liabilities	(328)	(597)	(42,489)	(1,487)	(1,220)
Net assets	36,025	16,903	3,134	11,458	64,680

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

CHOY Kwok Hung, Patrick (*Chairman*)

CHAN Chi Hung (*Managing Director*)

Non-Executive Director

YANG Nai Jiang (*Deputy Chairman*)

Independent Non-Executive Directors

YUE Man Yiu, Matthew

CHUNG Koon Yan

CHUNG Shu Kun, Christopher

COMPANY SECRETARY

TSE Kam Fai *ACIS, ACS, MHKIoD*

AUDIT COMMITTEE

YUE Man Yiu, Matthew (*Chairman*)

CHUNG Koon Yan

CHUNG Shu Kun, Christopher

REMUNERATION COMMITTEE

CHUNG Koon Yan (*Chairman*)

CHAN Chi Hung

YUE Man Yiu, Matthew

NOMINATION COMMITTEE

CHOY Kwok Hung, Patrick (*Chairman*)

YUE Man Yiu, Matthew

CHUNG Koon Yan

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Wanchai

Hong Kong

INVESTMENT MANAGER

Wealth Assets Management Limited

Unit B, 12/F

Lucky Plaza

315-321 Lockhart Road

Wanchai, Hong Kong

SOLICITORS

As to Hong Kong laws:

Troutman Sanders

As to Cayman Islands laws:

Conyers, Dill & Pearman

AUDITOR

BDO Limited

CUSTODIAN

DBS Vickers (Hong Kong) Limited

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

26/F., Tesbury Centre

28 Queen's Road East

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Standard Chartered Bank

STOCK CODE

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