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CHINA FINANCIAL LEASING GROUP LIMITED

中國金融租賃集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2312)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO 2017 INTERIM REPORT

Reference is made to the interim report (“**2017 Interim Report**”) of China Financial Leasing Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2017 published on 30 August 2017. The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to provide additional information in respect of the Group’s investments as disclosed in 2017 Interim Report, as follows:

SIGNIFICANT INVESTMENTS

As at 30 June 2017, the Group held financial assets at fair value through profit or loss of approximately HK\$85,604,000. Listed below are the particulars of the Group’s major listed equity securities:

| Name of investees | Notes | Number of shares | Approximate percentage of interest held | Cost (HK\$'000) | As at 30 June 2017 | | Approximate percentage of investments attributable to the Group's net assets | For the six months ended 30 June 2017 | | Fair value gain/(loss) (HK\$'000) |
|--|-------|------------------|---|--------------------|-------------------------|----------------------------|--|---------------------------------------|----------------|--------------------------------------|
| | | | | | Market prices (HK\$) | Market value (HK\$'000) | | Dividend received (HK\$) | Dividend cover | |
| Listed equity securities | | | | | | | | | | |
| Zheng Li Holdings Limited (8283) (“ Zheng Li ”) | (a) | 2,005,000 | Less than 1% | 17,251 | 10.600 | 21,253 | 23.65% | — | N/A | 4,309 |
| Hong Kong Resources Holdings Company Limited (2882) (“ Hong Kong Resources ”) | (b) | 163,288,000 | 4.64% | 18,639 | 0.105 | 17,145 | 19.08% | — | N/A | (1,493) |
| KSL Holdings Limited (8170) (“ KSL ”) | (c) | 6,928,000 | 1.68% | 14,766 | 1.880 | 13,025 | 14.49% | — | N/A | (3,536) |

* For identification purpose only

| Name of investees | Notes | Number of shares | Approximate percentage of interest held | As at 30 June 2017 | | | For the six months ended 30 June 2017 | | | |
|--|-------|------------------|---|--------------------|-------------------------|----------------------------|--|-----------------------------|----------------|--------------------------------------|
| | | | | Cost (HK\$'000) | Market prices (HK\$) | Market value (HK\$'000) | Approximate percentage of investments attributable to the Group's net assets | Dividend received (HK\$) | Dividend cover | Fair value gain/(loss) (HK\$'000) |
| REXLot Holdings Limited (555) (“REXLot”) | (d) | 119,425,000 | 1.19% | 13,735 | 0.098 | 11,704 | 13.02% | — | N/A | (155) |
| Newtree Group Holdings Limited (1323) (“Newtree Group”) | (e) | 24,500,000 | 1.03% | 8,763 | 0.430 | 10,535 | 11.72% | — | N/A | (844) |
| China Internet Investment Finance Holdings Limited (810) (“China Internet Investment”) | (f) | 19,008,000 | 3.48% | 7,521 | 0.226 | 4,296 | 4.78% | — | N/A | (2,245) |
| Hing Ming Holdings Limited (8425) (“Hing Ming”) | (g) | 4,556,000 | 1.14% | 3,772 | 0.730 | 3,326 | 3.70% | — | N/A | 191 |
| Lai Group Holding Company Limited (8455) (“Lai Group”) | (h) | 10,000,000 | 1.25% | 2,707 | 0.280 | 2,800 | 3.12% | — | N/A | 93 |
| King Force Group Holdings Limited (8315) (“King Force”) | (i) | 84,470,000 | 1.10% | 10,706 | 0.018 | 1,520 | 1.69% | — | N/A | (2,178) |

Notes:

- (a) The principal activities of Zheng Li are offering passenger car services including maintenance and repair services; and modification, tuning and grooming services, sell passenger car spare parts and accessories in Singapore and export to other countries. The audited consolidated loss attributable to owners of Zheng Li for the year ended 31 December 2016 was approximately HK\$3,209,000. As at 31 December 2016, the audited consolidated net asset value attributable to owners of Zheng Li was approximately HK\$76,803,000.

The Investment Committee of the Company (the “Investment Committee”) noted that the shares of Zheng Li were successfully listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in November 2016. Zheng Li would expand its business by utilizing the proceeds from the listing of shares. The Investment Committee is confident to the future profitability of Zheng Li.

- (b) Hong Kong Resources is principally engaged in retailing and franchising operations for selling gold and jewelry products; entertainment business; and investment holdings. The unaudited consolidated loss attributable to owners of Hong Kong Resources for the six months ended 31 December 2016 was approximately HK\$44,509,000. As at 31 December 2016, the unaudited consolidated net asset value attributable to owners of Hong Kong Resources was approximately HK\$250,580,000.

The Investment Committee noted that the People’s Republic of China (the “PRC”) will continue to be a major target market of Hong Kong Resources. The economic growth in the PRC remains one of the fastest economies in the world. Therefore, the Investment Committee considered the economic growth in the PRC would benefit the performance of Hong Kong Resources in long run.

- (c) The principal activities of KSL are the provision of engineering consulting, contracting, project management services in Hong Kong with a focus on geotechnical engineering works. The unaudited consolidated loss attributable to owners of KSL for the six months ended 31 January 2017 was approximately HK\$4,254,000. As at 31 January 2017, the unaudited consolidated net asset value attributable to owners of KSL was approximately HK\$102,995,000.

The Investment Committee noted that market condition in construction industry is favorable due to an increase in number of major infrastructure and construction projects in Hong Kong. The Investment Committee considered that the demand of construction services would be increasing continuously and benefit to KSL in a long run.

- (d) REXLot is principally engaged in lottery system and games development business and distribution and marketing of lottery products in the PRC. The audited consolidated loss attributable to owners of REXLot for the year ended 31 December 2016 was approximately HK\$393,007,000. As at 31 December 2016, the audited consolidated net asset value attributable to owners of REXLot was approximately HK\$5,456,334,000.

The Investment Committee noted that the lottery market in the PRC remains huge. Total lottery sales in the PRC lottery market in 2016 had increased compared with 2015. The Investment Committee is confident in the growing potential in the PRC lottery market.

- (e) The principal activities of Newtree Group are manufacture and trading of hygienic disposables; trading of coal products; sales of household consumables, jewelries and watches; digital technology applications development and provision of educational technology solutions. The audited consolidated loss attributable to owners of Newtree Group for the year ended 31 March 2017 was approximately HK\$190,400,000. As at 31 March 2017, the audited consolidated net asset value attributable to owners of Newtree Group was approximately HK\$371,298,000.

The Investment Committee noted that Newtree Group had been actively seeking opportunities to diversify its business portfolio. The Investment Committee expected Newtree Group would devote more resources to other potential and profitable business with a target to revenue growth.

- (f) The principal activities of China Internet Investment are the investment in equity securities and debt securities. The audited consolidated loss attributable to owners of China Internet Investment for the year ended 31 December 2016 was approximately HK\$74,015,000. As at 31 December 2016, the audited consolidated net asset value attributable to owners of China Internet Investment was approximately HK\$204,017,000.

The Investment Committee noted that China Internet Investment intended to invest in the PRC market in August 2016. The Investment Committee considered China Internet Investment would capture a potential return from the PRC equity market and would benefit to the performance of China Internet Investment.

- (g) Hing Ming is principally engaged in providing rental services of temporary suspended working platforms and other equipment such as tower cranes and generators; and trading of equipment and spare parts. The audited consolidated profit attributable to owners of Hing Ming for the year ended 31 March 2017 was approximately HK\$2,812,000. As at 31 March 2017, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK\$97,842,000.

The Investment Committee noted that the shares of Hing Ming were successfully listed on the GEM of the Stock Exchange in March 2017. The proceeds from listing of shares will be utilized to strengthen market position and capture the market demand in the suspended working platform industry. The Investment Committee considered that the business scale of Hing Ming would be expanded in the future.

- (h) Lai Group is principally engaged in provision of interior design and fit-out services in Hong Kong. The audited consolidated profit attributable to owners of Lai Group for the year ended 31 March 2017 was approximately HK\$2,745,000. As at 31 March 2017, the audited consolidated net asset value attributable to owners of Lai Group was approximately HK\$3,767,000.

The Investment Committee noted that the shares of Lai Group were successfully listed on the GEM of the Stock Exchange in April 2017. The proceeds from listing of shares will be utilized to strengthen its market position and to promote brand recognition in marketing. The Investment Committee considered that the business scale of Lai Group would be expanded in the future.

- (i) The principal activities of King Force are provision of security guarding services in Hong Kong and engaged in mobile game business. The audited consolidated profit attributable to owners of King Force for the year ended 31 March 2017 was approximately HK\$6,197,000. As at 31 March 2017, the audited consolidated net asset value attributable to owners of King Force was approximately HK\$125,073,000.

The Investment Committee noted that King Force generated a stable revenue from fixed manned security contracts. King Force had also commenced a mobile game business in 2015. The Investment Committee considered that the mobile gaming business would generate an additional revenue to King Force in the future.

Save as disclosed above, all other information in 2017 Interim Report remains unchanged.

By order of the Board
CHINA FINANCIAL LEASING GROUP LIMITED
Wong Ka Shing
Company Secretary

Hong Kong, 24 January 2018

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Jim Ka Shun as executive Director, Mr. Yip Ming, Mr. Lau Siu Hang and Mr. Tsang Chung Sing Edward as independent non-executive Directors.