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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of China Financial Leasing Group Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively refer to as the "Group") for the year ended 31 December 2019 together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	**2019** **HK$'000**	2018 HK$'000
Revenue	*4*	**1**	18
Other income	*5*	**—**	30
Net loss on financial assets at fair value through profit or loss		**(47,463)**	(5,146)
		(47,462)	(5,098)
Administrative expenses		**(18,688)**	(22,030)
Loss from operations		**(66,150)**	(27,128)
Finance costs	*6*	**(682)**	—
Gain on disposal of subsidiaries		**1,149**	—
Loss before tax		**(65,683)**	(27,128)
Income tax expense	*7*	**—**	—
Loss for the year attributable to owners of the Company	*8*	**(65,683)**	(27,128)

* *For identification purpose only*

	Note	2019 HK$'000	2018 HK$'000
Other comprehensive income for the year, net of tax			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**39**	(23)
Total comprehensive income for the year attributable to owners of the Company		**(65,644)**	(27,151)
Loss per share	*10*		
Basic (HK cents per share)		**4.09**	1.96
Diluted (HK cents per share)		**4.09**	1.96

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**4,198**	6,853
Right-of-use assets		**714**	—
Financial assets at fair value through profit or loss		**12,270**	14,518
		17,182	21,371
Current assets			
Financial assets at fair value through profit or loss		**68,867**	111,843
Deposits and prepayments		**188**	1,213
Bank and cash balances		**862**	927
		69,917	113,983
Current liabilities			
Deposit received		**2,550**	—
Margin payable and accruals		**14,619**	496
Lease liabilities		**496**	—
		17,665	496
Net current assets		**52,252**	113,487
Total assets less current liabilities		**69,434**	134,858
Non-current liabilities			
Lease liabilities		**220**	—
NET ASSETS		**69,214**	134,858
Capital and reserves attributable to owners of the Company			
Share capital		**32,133**	32,133
Reserves		**37,081**	102,725
TOTAL EQUITY		**69,214**	134,858
Net asset value per share (HK cents per share)	*11*	**4.31**	8.39

Notes:

1. GENERAL INFORMATION

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 is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is Room 2202, 22nd Floor, 118 Connaught Road West, Hong Kong. The Company's shares (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities on a general perspective.

The consolidated financial statements for the year ended 31 December 2019 were approved for issue by the Board on 26 March 2020.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in this results announcement.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The HKICPA has issued a new HKFRS, HKFRS 16 Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 *Leases*, and the related interpretations, HK(IFRIC) Interpretation 4 *Determining whether an Arrangement contains a Lease*, Hong Kong (SIC) Interpretation 15 *Operating Leases — Incentives* and Hong Kong (SIC) Interpretation 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. HKFRS 16 introduced a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less and leases of low-value assets.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact on leases where the Group is the lessor. The lessor accounting requirements brought forward from HKAS 17 are substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied the incremental borrowing rates of the relevant Group entities at the date of initial application. The incremental borrowing rate applied is 6.87%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(I) elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(II) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

(III) relied on the assessment of whether leases are onerous by applying HKAS 37 as an alternative to an impairment review.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

The following table reconciles the operating lease commitments as disclosed in note 32 to the consolidated financial statements as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	HK$'000
Operating lease commitments disclosed as at 31 December 2018	1,568
Less: commitments relating to lease exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(263)
Less: total future interest expense	(103)
Present value of remaining lease payments, discounted using the incremental borrowing rate and lease liabilities recognised as at 1 January 2019	1,202
Of which are:	
Current lease liabilities	433
Non-current lease liabilities	769
	1,202

The right-of-use assets in relation to the leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The following table summaries the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

		Effects of adoption of HKFRS 16	
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16	**Carrying amount as at 31 December 2018**	**Recognition of leases**	**Carrying amount as at 1 January 2019**
	HK$'000	*HK$'000*	*HK$'000*
Assets			
Right-of-use assets	—	1,202	1,202
Liabilities			
Lease liabilities	—	1,202	1,202

(iii) Impact of the financial results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This does not result in a significant impact on the reported loss from operations in the Group's consolidated statement of profit or loss and other comprehensive income, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their principal element and interest element. These elements are classified as financing cash outflows and operating cash outflows respectively. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated statement of cash flows.

The following tables give an indication of the estimated impact of the adoption of HKFRS 16 on the Group's financial results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply in 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16	**Add back: HKFRS 16 depreciation and interest expense**	**Deduct: Estimated amounts related to operating lease as if under HKAS 17** *(note I)*	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	*HK$'000*
Financial results for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Loss from operations	**(66,150)**	**1,452**	**(1,631)**	**(66,329)**	(27,128)
Finance costs	**(682)**	**181**	**—**	**(501)**	—
Loss before tax	**(65,683)**	**1,633**	**(1,631)**	**(65,681)**	(27,128)
Loss for the year	**(65,683)**	**1,633**	**(1,631)**	**(65,681)**	(27,128)

	2019			2018
	Amounts reported under HKFRS 16	**Estimated amounts related to operating lease as if under HKAS 17** *(notes I & II)*	**Hypothetical amounts for 2019 as if under HKAS 17**	Compared to amounts reported for 2018 under HKAS 17
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*
Line items in the consolidated statement of cash flows for the year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash used in operations	**(44)**	**(1,260)**	**(1,304)**	(73,297)
Interest element of lease rentals paid	**(181)**	**181**	**—**	—
Net cash used in operating activities	**(726)**	**(1,079)**	**(1,805)**	(73,297)
Capital element of lease rentals paid	**(1,079)**	**1,079**	**—**	—
Net cash (used in)/generated from financing activities	**(1,079)**	**1,079**	**—**	78,640

Notes:

(I) The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

(II) In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash used in operating activities and financing activities as if HKAS 17 still applied.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2019. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKAS 8 Definition of Material	1 January 2020

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Revenue recognised during the year is as follows:

	2019	2018
	HK$'000	*HK$'000*
Interest income on bank deposits	**1**	1
Dividend income	**—**	17
	1	18

The results arising from the fair value change of financial assets at fair value through profit or loss ("FVTPL") are shown separately in the consolidated statement of profit or loss and other comprehensive income under the line of "Net loss on financial assets at fair value through profit or loss". The gross proceeds from trading of securities for the year amounted to approximately HK$90,860,000 (2018: HK$140,995,000).

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.

For both years ended 31 December 2018 and 2019, the Group has identified only one segment and the sole business of this segment is investment in listed and unlisted securities. No separate analysis of segment information by business segment is presented.

The Group's revenue from external customers and its non-current assets by geographical areas are not presented as the geographical segments other than Hong Kong are less than 10% of the aggregate amount of all segments.

5. OTHER INCOME

	2019	2018
	HK$'000	*HK$'000*
Sundry income	**—**	30

6. FINANCE COSTS

	2019	2018
	HK$'000	*HK$'000*
Interest expense on lease liabilities	**181**	—
Interest on margin payable	**501**	—
	682	—

7. INCOME TAX EXPENSE

The Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the British Virgin Islands during the year (2018: Nil).

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has no assessable profit for the year (2018: Nil).

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2019	2018
	HK$'000	*HK$'000*
Loss before tax	**(65,683)**	(27,128)
Tax at the Hong Kong Profits Tax rate of 16.5% (2018: 16.5%)	**(10,838)**	(4,476)
Tax effect of income that is not taxable	**(453)**	(3)
Tax effect of expenses that are not deductible	**1,494**	2,059
Tax effect of other temporary differences not recognised	**4,132**	(62)
Tax effect of tax losses not recognised	**5,862**	2,607
Tax effect of utilisation of tax losses not previously recognised	**—**	(26)
Effect of different tax rate of a subsidiary operating in other jurisdiction	**(197)**	(99)
Income tax expense	**—**	—

At the end of the reporting period the Group has unused tax losses of approximately HK$241,020,000 (2018: HK$201,729,000) available for offset against future profits and are subject to the approval of Inland Revenue Department. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

8. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the year attributable to owners of the Company is stated after charging the following:

	2019	2018
	HK$'000	*HK$'000*
Auditor's remuneration	**335**	320
Depreciation of property, plant and equipment	**2,525**	1,668
Depreciation of right-of-use assets	**1,452**	—
Net foreign exchange loss	**319**	786
Operating lease charges for land and buildings	**1,674**	3,137

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2019 (2018: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK$65,683,000 (2018: HK$27,128,000) and the weighted average number of ordinary Shares of 1,606,649,882 (2018: 1,383,895,087) in issue during the year.

Diluted loss per share

As the Company did not have any dilutive potential ordinary shares for the year ended 31 December 2019 and the potential ordinary shares of the Company's share options would be anti-dilutive for the year ended 31 December 2018, diluted loss per share was the same as the basic loss per share for the years ended 31 December 2019 and 2018.

11. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2019 of approximately HK$69,214,000 (2018: HK$134,858,000) and the number of ordinary Shares of 1,606,649,882 (2018: 1,606,649,882) in issue as at that date.

12. EVENTS AFTER THE REPORTING PERIOD

(a) On 30 December 2019, the Company entered into a placing agreement with Orient Securities Limited ("Orient") as placing agent where Orient agreed to place on a best effort basis a maximum of 321,000,000 new shares of the Company ("Placing Share") of HK$0.02 each at HK$0.1 per Placing Share to at least six placees who were professional investors according to the definition of the Securities and Futures Ordinance. The intended and actual use of proceeds from the share placement was for general working capital and investments.

The placing transaction was completed on 23 January 2020 and a total of 321,000,000 Shares were issued. The gross and net proceeds were approximately HK$32,100,000 and HK$31,137,000 respectively. The net price was approximately HK$0.097 per Placing Share. Details of the placing transaction were set out in the announcements of the Company dated 30 December 2019 and 23 January 2020 respectively.

(b) After the coronavirus outbreak in early 2020, a series of precautionary and control measures has been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the effect to business and economic activities caused by, the coronavirus outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the uncertainties brought by the coronavirus outbreak, it is not practicable to provide a reasonable estimate of its financial effect on the Group's financial position, cash flows and operating results at the date of approval of this results announcement.

(c) As at the date of approval of this results announcement, the realised losses and unrealised gain on financial assets at FVTPL from changes in fair value on financial assets at FVTPL held as at 31 December 2019 amounted to approximately HK$15,628,000 and HK$5,680,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2019, the Group was mainly engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities.

Global economy slowed down with protectionism and geopolitical tension, but several central banks in the world imposed loosening monetary policy in 2019 which showed some support towards the large cap stocks, while the small and mid-cap stocks might not be benefited. The S&P/HKEX GEM index continued to crash approximately 45% in 2019, which was largely underperformed when compared with Hang Seng Index. The Group recorded a loss on listed investments of approximately HK$45,490,000 for the year ended 31 December 2019. However, the Group completed a share placement on 23 January 2020 to replenish the working capital and potential investments.

The Group recorded a fair value loss on unlisted investments in 深圳聯合能源控股有限公司 ("聯合能源") of approximately HK$1,973,000 for the year ended 31 December 2019. Due to the motor vehicles market in the People's Republic of China (the "PRC") remained huge, it is expected that the motor vehicles and related services market is optimistic. On the other hand, the Group had entered into a capital injection agreement (the "Capital Injection Agreement") to invest the unlisted equity interests in 深圳市騰瑞豐科技有限公司 (the "Capital Injection") in 2019 (for details about the Capital Injection, please refer to the announcement dated 12 April 2019). Due to no further discussion in relation to Capital Injection, the Capital Injection was terminated in June 2019 under the provision of the Capital Injection Agreement.

OUTLOOK

The International Monetary Fund revised down the global growth for 2020, from 3.4% to 3.3%, the downward revision primarily reflects negative effects of surprises such as economy in emerging markets and social unrest, which led to a reassessment of growth prospects in the coming two years. The global growth would be dependent on avoiding escalation of tensions between the United States of America (the "United States") and the PRC, as well as the United Kingdom's ability to reach a trade deal with the European Union. The Group remains cautious on the stock market in 2020. The Group will continue to monitor the market movement closely and explore listed and unlisted investment opportunities so as to diversify the investment portfolio and sourcing stable investments to reduce the risk of concentration; and to enhance the investment return for shareholders of the Company.

FINANCIAL REVIEW

As at 31 December 2019, the carrying value of the Group's listed equity investments was approximately HK$68,867,000 (2018: HK$111,843,000) while carrying value of the Group's unlisted equity investment was approximately HK$12,270,000 (2018: HK$14,518,000).

The Group recorded sales proceeds from disposals of trading listed equity securities of approximately HK$90,860,000 (2018: HK$140,995,000) for the year ended 31 December 2019. The realised and unrealised losses on financial assets at fair value through profit or loss for the year ended 31 December 2019 were approximately HK$23,854,000 (2018: HK$2,701,000) and HK$23,609,000 (2018: HK$2,445,000) respectively. Loss for the year was approximately HK$65,683,000 (2018: HK$27,128,000) which was mainly attributable to the operating expenses and equity investments losses.

EQUITY INVESTMENTS

Listed below are the particulars of the Group's major listed and unlisted equity investments as at 31 December 2019:

	Name of investees	Principal activities	Number of shares held	Approximate percentage of interests held	Cost (HK$'000)	Market prices (HK$)	Market value/fair value (HK$'000)	Approximate percentage of attributable to the Group's net assets	For the year ended 31 December 2019: Dividend received (HK$'000)	Dividend cover	Sales proceeds (HK$'000)	Realised (loss)/profit (HK$'000)	Unrealised (loss)/profit (HK$'000)	Fair value (loss)/profit (HK$'000)
Listed equity securities														
(a)	Future Bright Mining Holdings Limited (2212) ("Future Bright Mining")	Marble and marble-related business and trading of commodities	177,600,000	4.59%	32,894	0.075	13,320	19.24%	–	N/A	698	(1,168)	(6,002)	(7,170)
(b)	Miji International Holdings Limited (1715) ("Miji International")	Develop, manufacture and sell premium kitchen appliances in the PRC	41,650,000	2.78%	12,909	0.280	11,662	16.85%	–	N/A	10,529	(7,388)	7,190	(198)
(c)	Hing Ming Holdings Limited (8425) ("Hing Ming")	Providing rental services of temporary suspended working platforms and other equipment and trading of equipment and spare parts	6,988,000	1.75%	9,808	1.160	8,106	11.71%	–	N/A	2,989	(522)	(1,701)	(2,223)
(d)	National Investments Fund Limited (1227) ("National Investments")	Investments in a diversified portfolio of listed and unlisted companies	41,072,000	4.49%	7,542	0.174	7,147	10.33%	–	N/A	10,212	(1,394)	(395)	(1,789)
(e)	WAC Holdings Limited (8619) ("WAC")	Provision of construction engineering consultant on comprehensive structural and geotechnical engineering	2,040,000	Less than 1%	5,364	3.000	6,120	8.84%	–	N/A	3,497	963	756	1,719
(f)	ISP Global Limited (8487) ("ISP")	Engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm systems in Singapore	6,700,000	Less than 1%	7,098	0.850	5,695	8.23%	–	N/A	2,491	(74)	(7,345)	(7,419)
(g)	RMH Holdings Limited (8437) ("RMH Holdings")	Provision of specialty care services with medical, surgical, laser and aesthetic treatments in Singapore	29,896,000	4.98%	14,701	0.161	4,813	6.95%	–	N/A	1,117	(1,089)	(2,829)	(3,918)
(h)	Wan Leader International Limited (8482) ("Wan Leader")	Freight forwarding and related logistics services and warehousing and related value-added services	16,560,000	1.97%	4,753	0.224	3,709	5.36%	–	N/A	1,838	(1,246)	(1,044)	(2,290)
(i)	Pacific Legend Group Limited (8547) ("Pacific Legend")	Sale and leasing home furniture and accessories; and provision of design consultancy services for fitting out interiors with furnishing	18,220,000	Less than 1%	4,357	0.130	2,369	3.42%	–	N/A	6,149	(332)	(1,988)	(2,320)
(j)	C&N Holdings Limited (8430) ("C&N Holdings")	Provision of transport and storage services, trucking and hubbing services to the logistics industry in Singapore	27,110,000	4.24%	12,747	0.080	2,169	3.13%	–	N/A	770	(874)	(9,299)	(10,173)
(k)	Stream Ideas Group Limited (8401) ("Stream Ideas Group")	Provision of online advertising services which consist of social viral service, engager service and mass blogging service	–	–	–	–	–	–	–	N/A	11,048	(1,230)	1,562	332
(l)	Asia Television Holdings Limited (707) ("Asia Television")	Engaged in fabric and clothing business, securities investment and brokerage services, media, cultural and entertainment business, and money lending business	–	–	–	–	–	–	–	N/A	25,654	(5,899)	(952)	(6,851)
	Other listed investments		N/A	N/A	6,062	N/A	3,757	5.43%	–	N/A	13,868	(3,601)	411	(3,190)
Unlisted equity securities														
(m)	聯合能源	Engaged in the business of providing consumer financial services to owners of motor vehicles in the PRC	N/A	3.00%	15,000	N/A	12,270	17.73%	–	N/A	–	–	(1,973)	(1,973)

(a) Future Bright Mining

The investment committee of the Company ("Investment Committee") noted that apart from existing marble and marble-related business, Future Bright Mining continued to develop the Yiduoyan project and develop product recognition which would enhance its business performance.

The Investment Committee considered that Future Bright Mining intended to increase the variety of marble, marble resources and marble reserve, and marble-related products through the acquisition of marble projects in the PRC which would enhance the development of marble and marble-related business of Future Bright Mining.

(b) Miji International

The Investment Committee noted that Miji International adopted a prudent approach to run its business operations, offer a wider range of products and services that could capture the demand from consumers of a wider age group and those who pursue a healthier lifestyle.

The Investment Committee considered that in response to the weakening economy and the slowing consumer spending, Miji International closely monitored the cost effectiveness of its marking strategies and implemented appropriate measures to reduce operating costs. Miji International also actively promoted its brand and products to middle-class and upper-middle class customers, in which enhance the business development of Miji International in long run.

(c) Hing Ming

The Investment Committee noted that Hing Ming acquired additional tower cranes in order to capture the market demand of rental services of tower crane and meet the needs of customers. It retained technicians and sales person in order to support operation in the tower crane rental business and diversify Hing Ming income stream.

The Investment Committee considered that Hing Ming acquired new motors and other necessary components for replacement of old temporary suspended working platforms, which would strengthen the market position in the suspended working platform industry.

(d) National Investments

The Investment Committee noted that National Investments had been actively exploring other investment opportunities to diversify the existing investment portfolio of National Investments so as to optimise the operational efficiency and to improve the cash flow of National Investments.

The Investment Committee considered that National Investments would continue to implement diversified investment strategy aimed at identifying suitable investment opportunities with potential of asset appreciation. National Investments would also continue to adopt and maintain a prudent but proacted investment approach and would closely monitor the performance of the investment portfolios to capture the capital appreciation of the investments.

(e) WAC

The Investment Committee noted that the revenue of WAC decreased mainly due to the decrease in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties, the market competition intensified as competitors offered their service at lower prices.

The Investment Committee considered that the number of properties to be built and maintained in Hong Kong remained to be the key driver for the growth of the construction engineering consultancy industry. With the experienced management team and reputation in the market. WAC was well-positioned to compete against its competitors, it would continue to strengthen the market position in the industry and expand the market share by securing more consultancy engineering service contracts.

(f) ISP

The Investment Committee noted that the net profit of ISP was slightly decreased because there were less projects being awarded to the Group in the integrated services of sound and communication systems segment.

The Investment Committee considered that ISP strived to improve operation efficiency and profitability of business, ISP planned to expand manpower capabilities and fleet of machinery and equipment, which would enhance resources to bid for future projects and strengthen the market position in sound and communication system services sector.

(g) RMH Holdings

The Investment Committee noted that the revenue of RMH Holdings decreased mainly due to decrease in revenue from injection and intense pulse light procedures. However, the revenue generated from consultation service increased because the total number of patient visited recorded increased.

The Investment Committee considered that RMH Holdings intended to capitalise on business opportunities arising from the continued demand for dermatological and surgical services in Singapore, by seeking suitable and strategic locations to expand the growing business and to widen the customer pool and exploring to further grow by capturing opportunities from markets with substantial growth potential such as Hong Kong and the PRC.

(h) Wan Leader

The Investment Committee noted that an increase in the acquisition cost of air and sea cargo space, listing compliance costs, warehousing services related cost lead to a loss of Wan Leader.

The Investment Committee considered that Wan Leader would further enhance its service capabilities and operational flexibility, offer better and more diverse services to its customers and continue to exercise careful cost controls to strengthen its competitiveness of Wan Leader in the logistics industry.

(i) Pacific Legend

The Investment Committee noted that Pacific Legend recorded a loss mainly attributable to the decline in rental revenue, the increase of selling and distribution costs and administrative and other operating expenses.

The Investment Committee considered that the net proceeds from the listing of shares of Pacific Legend was utilised to expand the retail network by opening additional retail stores and enhance the on-line shop and the information technology capability and continue to explore new opportunities to expand the distribution channels.

(j) C&N Holdings

The Investment Committee noted that the cooling global demand and the continuously escalating the United States and the PRC trade war had disrupted world supply chains in a blow to business investment and corporate profits and affect the performance of C&N Holdings.

The Investment Committee considered that C&N Holdings continued to increase service capacity through the acquisition of new vehicles to maintain the growth in the industry and enhanced overall competitiveness and market share in Singapore.

(k) Stream Ideas Group

The Investment Committee noted that the profit of Steam Ideas Group decreased mainly due to decrease in revenue, increase in selling and distribution costs and administrative and other operating expenses.

The Investment Committee decided to dispose the investment of Stream Ideas Group during the year and seek for other potential investment opportunities.

(l) Asia Television

The investment Committee noted that affected by the dynamic changes in the macroeconomic environment and policy changes in the PRC, together with the unstable political and economic environment in Hong Kong, Asia Television recorded a loss.

The Investment Committee decided to dispose the investment of Asia Television during the year and seek for other potential investment opportunities.

(m) 聯合能源

The Investment Committee considered that the motor vehicles market in the PRC remains huge which would benefit 聯合能源 in long run. The Investment Committee is optimistic to the future returns for the investment in 聯合能源.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2019, the Group maintained cash and cash equivalents of approximately HK$862,000 (2018: HK$927,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

As at 31 December 2019, the gearing ratio for the Group was 17.24% (2018: Nil) which represents the ratio of the Group's total interest-bearing liabilities to the total equity of the Group.

As at 31 December 2019, the Group had net assets of approximately HK$69,214,000 (2018: HK$134,858,000). Except for the margin payable of approximately HK$11,934,000 (2018: Nil), the Group had no borrowings or long-term liabilities as at 31 December 2019.

CAPITAL STRUCTURE

As at 31 December 2019, the Company's total issued shares was 1,606,649,882 (2018: 1,606,649,882) of HK$0.02 each. The Group had no debt securities or other capital instruments as at 31 December 2019.

EVENTS AFTER THE REPORTING PERIOD

(a) On 30 December 2019, the Company entered into a placing agreement with Orient as placing agent where Orient agreed to place on a best effort basis a maximum of 321,000,000 Placing Share of HK$0.02 each at HK$0.1 per Placing Share to at least six placees who were professional investors according to the definition of the Securities and Futures Ordinance. The intended and actual use of proceeds from the share placement was for general working capital and investments. The placing transaction was completed on 23 January 2020 and a total of 321,000,000 Shares were issued. The gross and net proceeds were approximately HK$32,100,000 and HK$31,137,000 respectively. The net price was approximately HK$0.097 per Placing Share. Details of the placing transaction were set out in the announcements of the Company dated 30 December 2019 and 23 January 2020.

(b) Pursuant to a sale and purchase agreement dated 5 November 2019 entered into between China Financial Leasing Investments Limited ("CFL Investments"), a wholly-owned subsidiary of the Company, and an independent third party (the "Yacht Buyer"), CFL Investments disposed of the yacht at a consideration of approximately HK$5,100,000. The transfer of yacht would only be completed when the consideration was fully settled. As at 31 December 2019, only half of the consideration was received from the Yacht Buyer and the settlement date of the remaining balance was extended to 31 January 2020 by supplemental agreements.

Subsequent to the reporting period, the sale and purchase agreement lapsed as the Yacht Buyer was unable to settle the remaining balance. The deposit received was forfeited and recognised as other income by the Group after the end of the reporting period.

(c) After the coronavirus outbreak in early 2020, a series of precautionary and control measures has been and continued to be implemented across the globe. The Group is paying close attention to the development of, and the effect to business and economic activities caused by, the coronavirus outbreak and evaluating its impact on the financial position, cash flows and operating results of the Group. Given the uncertainties brought by the coronavirus outbreak, it is not practicable to provide a reasonable estimate of its financial effect on the Group's financial position, cash flows and operating results at the date of approval of this results announcement.

(d) As at the date of approval of this results announcement, the realised losses and unrealised gain on financial assets at FVTPL from changes in fair value on financial assets at FVTPL held as at 31 December 2019 amounted to approximately HK$15,628,000 and HK$5,680,000 respectively.

Except for above mentioned, there were no material events occurred after the financial report date.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 31 December 2019, the Group disposed of the entire issued share capital in Colour Charm Holdings Limited at a cash consideration of approximately HK$1,300,000. On the same day, the Group disposed of the entire issued share capital in Affluent Crest Investments Limited at a cash consideration of approximately HK$147,000.

Except for above mentioned, the Group has not made any material acquisition or disposal of subsidiaries during the year under review.

EMPLOYEE BENEFITS

As at 31 December 2019, the Group had 13 employees. Total employee benefits expenses (excluding Directors' emoluments) and Directors' emoluments for the year ended 31 December 2019 were approximately HK$5,583,000 and HK$1,700,000 respectively. The remuneration policy of the Group is reviewed annually and employees are remunerated based on their performance, experience and the prevailing market practice. No Director or executive is involved in dealing with his own remuneration.

In addition to salary payments, the Group has participated in the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the MPF Scheme at 5% of each employee's monthly relevant income subject to a monthly maximum amount of HK$1,500.

The Company maintains a share option scheme, pursuant to which share options are granted to selected directors, employees or other eligible participants of the Group, with a view to attract and retain quality personnel and to provide them with incentive to contribute to the business and operation of the Group. During the year, there were no share options exercised, granted, lapsed or cancelled.

CHARGES ON GROUP'S ASSETS

As at 31 December 2019, listed securities of approximately HK$66,322,000 (2018: Nil) were pledged to secure margin payable. Except for above mentioned, there were no charges on the Group's assets.

FOREIGN EXCHANGE EXPOSURE

The Group's exposures to foreign currencies mainly arises from its investments in financial assets denominated in RMB. The Group currently does not have any foreign currency hedging policy. However, the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

During the year, there were no contingent liabilities noted by the Directors (2018: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2019, the significant investments of the Group are included in the Group's investments under the section headed "Equity Investments" in this results announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: 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 2019.

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 ended 31 December 2019.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of The Corporate Governance Code And Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

During the year ended 31 December 2019, 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.

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 2019.

AUDIT COMMITTEE

The Audit Committee was established on 7 October 2002. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Tsang Chung Sing Edward (chairman of the Audit Committee), Mr. Yip Ming and Mr. Zhang Bin.

The 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 Group's interim and annual reports.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2019.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, RSM Hong Kong, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

For and on behalf of the Board
CHINA FINANCIAL LEASING GROUP LIMITED
Liu Hailong
Chairman

Hong Kong, 26 March 2020

As at the date of this announcement, the board of Directors of the Company comprises Mr. Chan Chi Hang as executive Director, Mr. Liu Hailong (Chairman) as non-executive Director, Mr. Yip Ming, Mr. Tsang Chung Sing Edward, Mr. Zhang Bin and Mr. Wang Ruiyang as independent non-executive Directors.