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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)

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

#### INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Financial Leasing Group Limited (the “**Company**”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2020.

The unaudited condensed consolidated interim financial statements have not been audited by the Company’s auditor but have been reviewed by the Company’s audit committee.

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

*For the six months ended 30 June 2020*

		Six months ended 30 June 2020 (Unaudited) <i>HK\$’000</i>	Six months ended 30 June 2019 (Unaudited) <i>HK\$’000</i>
	<i>Note</i>		
<b>Revenue</b>	3	54	—
Other income		3,107	—
Net loss on financial assets at fair value through profit or loss		(6,127)	(33,488)
Administrative expenses		(4,441)	(9,964)
<b>Loss from operations</b>		(7,407)	(43,452)
Finance costs		(789)	(76)

\* for identification purpose only

		<b>Six months ended 30 June 2020 (Unaudited) <i>HK\$'000</i></b>	<b>Six months ended 30 June 2019 (Unaudited) <i>HK\$'000</i></b>
	<i>Note</i>		
<b>Loss before income tax</b>	<i>5</i>	<b>(8,196)</b>	(43,528)
Income tax expense	<i>6</i>	<u>—</u>	<u>—</u>
<b>Loss for the period attributable to owners of the Company</b>		<u><b>(8,196)</b></u>	<u>(43,528)</u>
<b>Other comprehensive income for the period, net of tax:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>35</u>	<u>9</u>
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<u><b>(8,161)</b></u>	<u>(43,519)</u>
<b>Loss per share</b>	<i>7</i>	<b><i>HK cent</i></b>	<b><i>HK cents</i></b>
— Basic		<u><b>(0.43)</b></u>	<u>(2.71)</u>
— Diluted		<u><b>(0.43)</b></u>	<u>(2.71)</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2020*

	<i>Note</i>	At 30 June 2020 (Unaudited) <i>HK\$'000</i>	At 31 December 2019 (Audited) <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		3,433	4,198
Right-of-use assets		465	714
Financial assets at fair value through profit or loss		<u>13,002</u>	<u>12,270</u>
		<u><b>16,900</b></u>	<u><b>17,182</b></u>
<b>Current assets</b>			
Financial assets at fair value through profit or loss		95,281	68,867
Deposits and prepayments		98	188
Bank and cash balances		<u>389</u>	<u>862</u>
		<u><b>95,768</b></u>	<u><b>69,917</b></u>
<b>Current liabilities</b>			
Deposit received		—	2,550
Margin payable and accruals		19,187	14,619
Borrowing		800	—
Lease liabilities		<u>257</u>	<u>496</u>
		<u><b>20,244</b></u>	<u><b>17,665</b></u>
<b>Net current assets</b>		<u><b>75,524</b></u>	<u><b>52,252</b></u>
<b>Total assets less current liabilities</b>		<b>92,424</b>	<b>69,434</b>
<b>Non-current liabilities</b>			
Lease liabilities		<u>234</u>	<u>220</u>
<b>Net assets</b>		<u><b>92,190</b></u>	<u><b>69,214</b></u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		38,553	32,133
Reserves		<u>53,637</u>	<u>37,081</u>
<b>Total equity</b>		<u><b>92,190</b></u>	<u><b>69,214</b></u>
<b>Net asset value per share (HK cents per share)</b>	<i>9</i>	<u><b>4.78</b></u>	<u><b>4.31</b></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2020 of China Financial Leasing Group Limited (the “**Company**”) and its subsidiaries (collectively referred as the “**Group**”) have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). It was authorised for issue on 28 August 2020.

The unaudited condensed consolidated interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2019 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 annual consolidated financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an unaudited condensed consolidated interim financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual result may differ from these estimates.

The unaudited condensed consolidated interim financial statements contain unaudited condensed consolidated interim financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2019 annual consolidated financial statements. The unaudited condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with all applicable Hong Kong Financial Reporting Standard (“**HKFRSs**”).

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period relevant to the Group and the Company.

Amendments to HKAS 1 and HKAS 8 Definition of Material

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. REVENUE

Revenue recognised during the period is as follows:

	<b>Six months ended 30 June 2020 (Unaudited) HK\$'000</b>	<b>Six months ended 30 June 2019 (Unaudited) HK\$'000</b>
Interest income	—	—
Dividend income	<u>54</u>	<u>—</u>
	<u><b>54</b></u>	<u>—</u>

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$37,480,000 (2019: HK\$65,132,000). The realised loss and unrealised profit on financial assets at fair value through profit or loss for the six months ended 30 June 2020 were approximately HK\$19,525,000 (2019: HK\$10,688,000) and HK\$13,398,000 (2019: loss of HK\$22,800,000) respectively, the aggregate of which is shown in the condensed 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”.

### 4. 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.

For the six months ended 30 June 2019 and 30 June 2020, 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. LOSS BEFORE INCOME TAX

	<b>Six months ended 30 June 2020 (Unaudited) HK\$'000</b>	Six months ended 30 June 2019 (Unaudited) HK\$'000
Loss before income tax is arrived at after charging:		
Operating lease charges in respect of land and buildings	<b>210</b>	1,470
Depreciation charges on right-of-use assets	<b>200</b>	248
Depreciation charges on property, plant and equipment	<b>765</b>	1,387
Staff costs (excluding directors' remuneration)		
Wages	<b>1,052</b>	2,515
Retirement benefits scheme contributions	<b>36</b>	73

## 6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated interim financial statements as there is no estimated assessable profit for the six months ended 30 June 2020 (2019: Nil).

At 30 June 2020, the Group had unused tax losses of approximately HK\$263,938,000 (31 December 2019: HK\$241,020,000) available for offset against future profits and are subject to the approval of Inland Revenue Department. 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.

At the reporting date, the Group did not have any significant deferred tax liabilities (31 December 2019: Nil).

## **7. LOSS PER SHARE**

### **Basic loss per share**

The calculation of the basic loss per share is based on the loss for the period attributable to the owners of the Company of approximately HK\$8,196,000 (2019: HK\$43,528,000) and on the weighted average number of 1,888,847,684 shares (2019: 1,606,649,882 shares).

### **Diluted loss per share**

The effect of all potential ordinary shares would be anti-dilutive for the six months ended 30 June 2019 and 2020. Diluted loss per share were the same as the basic loss per share for the six months ended 30 June 2019 and 2020.

## **8. INTERIM DIVIDEND**

The board of directors of the Company resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (2019: Nil).

## **9. NET ASSET VALUE PER SHARE**

The calculation of net asset value per share is based on the net assets of approximately HK\$92,190,000 (31 December 2019: HK\$69,214,000) and 1,927,649,882 (31 December 2019: 1,606,649,882) ordinary shares in issue as at 30 June 2020. The net asset value per share as at 30 June 2020 is approximately HK cents 4.78 (31 December 2019: HK cents 4.31).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Future Prospects

During the six months ended 30 June 2020, China Financial Leasing Group Limited (the “**Company**”) with its subsidiaries (collectively 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.

In the first quarter of 2020, the outbreak of coronavirus (COVID-19) which makes Hong Kong and the People’s Republic of China (the “**PRC**”) faced a very challenging economic environment; and their first half Gross Domestic Product (“**GDP**”) shrank 9% and 1.6% in year-on-year comparison respectively. In order to stop the widespread of COVID-19 cases, the government has some lockdown measures, like restricted opening of salons, spas, gyms, cinemas, bars and restaurants.

In the first half of 2020, due to the COVID-19 pandemic, which in turns badly hit the stock market performance and Hang Seng Index dropped 13%. However, reflecting the small listed companies performance, S&P/HKEX GEM Index rebounded approximately 18% in the first half of 2020, after a crashed of 45% in 2019. The Group recorded a fair value loss on listed investments of approximately HK\$7,085,000 for the six months ended 30 June 2020. For the unlisted investment of the Group, the Group recorded a fair value gain on unlisted investments in 深圳聯合能源控股有限公司 (“**聯合能源**”) of approximately HK\$958,000 for the six months ended 30 June 2020.

Looking forward for the second half of 2020, the market still feel cautious on a new wave of COVID-19 cases outbreak, the escalation of trade tensions between the United States of America (the “**United States**”) and the PRC; and the potential overshoot in equity market in other countries. Therefore, the stock markets remain struggle and volatile that 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 Results**

For the six months ended 30 June 2020, the Group recorded a loss of approximately HK\$8,196,000 (six months ended 30 June 2019: HK\$43,528,000), which was mainly attributable to the net loss (realised loss and unrealised profit) on financial assets at fair value through profit or loss. During the period, the deposit received from the yacht buyer of HK\$2,550,000 was forfeited and recognised as other income by the Group.

## **Operating Review**

The Company is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. There was no change in the nature of the Group's principal activities during the six months ended 30 June 2020. As at 30 June 2020, the total fair value of the Group's investments was approximately HK\$108,283,000 (as at 31 December 2019: HK\$81,137,000).

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$37,480,000 (2019: HK\$65,132,000). The realised loss and unrealised profit on financial assets at fair value through profit or loss for the six months ended 30 June 2020 is approximately HK\$19,525,000 (2019: HK\$10,688,000) and HK\$13,398,000 (2019: loss of HK\$22,800,000) respectively.

## Equity Investments

As at 30 June 2020, the Group held financial assets at fair value through profit or loss of approximately HK\$108,283,000. Listed below are the particulars of the Group's major listed and unlisted equity securities:

Name of investees	As at 30 June 2020						For the six months ended 30 June 2020					
	Number of shares	Approximate percentage of interest held	Cost (HK\$'000)	Market prices (HK\$)	Market value/fair value (HK\$'000)	Approximate percentage of investment attributable to the Group's net assets	Dividend received (HK\$'000)	Dividend cover	Sales proceeds (HK\$'000)	Realised loss (HK\$'000)	Unrealised profit/(loss) (HK\$'000)	Fair value gain/(loss) (HK\$'000)
<b>Listed equity securities</b>												
(a) Future Bright Mining Holdings Limited (2212) ("Future Bright Mining")	177,600	4.59%	32,893	0.020	3,552	3.85	—	N/A	—	—	(9,768)	(9,768)
(b) Miji International Holdings Limited (1715) ("Miji International")	69,330	4.62%	18,864	0.250	17,333	18.80	—	N/A	8,126	(1,818)	(285)	(2,103)
(c) Hing Ming Holdings Limited (8425) ("Hing Ming")	16,464	4.12%	17,499	1.540	25,355	27.50	—	N/A	9,747	(2,643)	9,556	6,913
(d) National Investments Fund Limited (1227) ("National Investments")	29,560	3.23%	5,405	0.049	1,448	1.57	—	N/A	599	(1,659)	(3,562)	(5,221)
(e) WAC Holdings Limited (8619) ("WAC")	7,080	0.74%	17,518	1.980	14,018	15.21	—	N/A	7,563	(410)	(4,256)	(4,666)
(f) ISP Global Limited (8487) ("ISP")	13,270	1.66%	10,388	1.010	13,403	14.54	—	N/A	3,547	(2,770)	4,417	1,647
(g) RMH Holdings Limited (8437) ("RMH")	24,896	4.15%	11,948	0.485	12,075	13.10	—	N/A	1,993	(766)	10,020	9,254
(h) Wan Leader International Limited (8482) ("Wan Leader")	8,260	0.98%	2,137	0.100	826	0.90	—	N/A	1,654	(963)	(267)	(1,230)
(i) Lai Group Holding Company Limited (8455) ("Lai")	26,800	3.35%	3,517	0.108	2,894	3.14	—	N/A	—	—	(622)	(622)
(j) LHN Limited (1730) ("LHN")	1,288	3.35%	1,277	0.550	708	0.77	54	3.16	—	—	(206)	(206)
Other listed investments	N/A	N/A	10,782	N/A	3,669	N/A	—	N/A	4,251	(8,496)	7,413	(1,083)
Sub-total	N/A	N/A	132,228	N/A	95,281	N/A	54	N/A	37,480	(19,525)	12,440	(7,085)
<b>Unlisted equity securities</b>												
(k) 聯合能源	N/A	3.00%	15,000	N/A	13,002	14.10	—	N/A	—	—	958	958
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>147,228</b>	<b>N/A</b>	<b>108,283</b>	<b>N/A</b>	<b>54</b>	<b>N/A</b>	<b>37,480</b>	<b>(19,525)</b>	<b>13,398</b>	<b>(6,127)</b>

The net fair value loss on listed investments and fair value gain on unlisted investment amounted to approximately HK\$7,085,000 and HK\$958,000 respectively for the six months ended 30 June 2020.

For the listed investments held as at 30 June 2020, the net fair value loss attributable to realised loss and unrealised fair value loss were approximately HK\$18,206,000 and HK\$10,454,000 respectively. For those listed investments held but were sold during the six months ended 30 June 2020, the net fair value loss attributable to realised loss and unrealised profit were approximately HK\$1,319,000 and HK\$1,986,000 respectively.

For the unlisted investment held as at 30 June 2020, the fair value gain attributable to unrealised profit was approximately HK\$958,000. The fair value of the unlisted investment as at 30 June 2020 was assessed by an independent professional valuer.

**(a) Future Bright Mining**

Future Bright Mining is principally engaged in marble and marble-related business and trading of commodities. The audited consolidated loss attributable to owners of Future Bright Mining for the year ended 31 December 2019 was approximately Renminbi (“RMB”) 18,815,000. As at 31 December 2019, the audited consolidated net asset value attributable to owners of Future Bright Mining was approximately RMB64,575,000.

The Investment Committee of the Company (the “**Investment Committee**”) noted that the revenue of Future Bright Mining decreased mainly due to the decrease in revenue generated from both marble blocks segment and commodity trading segment during the year.

The Investment Committee considered that Future Bright Mining was adjusting the mode of operation, the market awareness and recognition of marble would be increase through the above sales channels, the demands for marble would increase.

**(b) Miji International**

Miji International is principally engaged in developing, manufacturing and selling premium kitchen appliances in the PRC. The audited consolidated profit attributable to owners of Miji International for the year ended 31 December 2019 was approximately RMB18,761,000. As at 31 December 2019, the audited consolidated net asset value attributable to owners of Miji International was approximately RMB189,854,000.

The Investment Committee noted that the increase of revenue led to the profit of Miji International. The products of Miji International sold through television platform had a significant increment.

The Investment Committee considered that Miji International would continue to adopt a prudent approach to run its business operations. It would carefully study the needs and preference of consumers and offer a wider range of products and services.

**(c) Hing Ming**

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 2020 was approximately HK\$1,104,000. As at 31 March 2020, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK\$119,810,000.

The Investment Committee of the Company noted that the recorded a profit of Hing Ming decreased which was mainly attributable to (i) a low gross profit margin for profits recorded from the trading of equipment and spare parts business; and (ii) the increase in depreciation charges in cost of sales.

The Investment Committee considered that despite the ongoing COVID-19 pandemic and downward pressure of macro-economies, Hing Ming would continue to focus on the core business, increased market effort and enhanced the production efficiency.

**(d) *National Investments***

National Investments is principally engaged in investments in a diversified portfolio of listed and unlisted companies. The audited consolidated loss attributable to owners of National Investments for the year ended 31 December 2019 was approximately HK\$25,043,000. As at 31 December 2019, the audited consolidated net liabilities value attributable to owners of National Investments was approximately HK\$51,990,000.

The Investment Committee noted that investment portfolio of National Investments made a loss was mainly due to the trade war and Hong Kong stocks market turned fiercely politics driven.

The Investment Committee considered that National Investments had adopted and maintained a prudent yet proactive investment approach and would closely monitor the performance of the investment portfolios.

**(e) *WAC***

WAC is mainly provided in Hong Kong and Macau. It consultancy service mainly cover (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering. The audited consolidated loss attributable to owners of WAC for the year ended 31 March 2020 was approximately HK\$6,964,000. As at 31 March 2020, the audited consolidated net assets value attributable to owners of WAC was approximately HK\$63,904,000.

The Investment Committee noted that the revenue of the WAC decreased, it mainly due to the decrease in revenue that the social unrest in Hong Kong, and the worked from home arrangement for certain government departments and the certain clients because of COVID-19 resulting in temporary suspension of construction works and delayed in project progress.

The Investment Committee considered that WAC will continually expand its market share by securing more engineering consultancy service contracts.

**(f) ISP**

ISP is principally engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm system in Singapore. The unaudited consolidated profit attributable to owners of ISP for the six months ended 31 December 2019 was approximately Singapore Dollars (“S\$”) 58,021. As at 31 December 2019, the unaudited consolidated net asset value attributable to owners of ISP was approximately S\$14,680,000.

The Investment Committee noted that the revenue of ISP decreased because there were less projects being awarded to the Group in the integrated sales of sound and communication 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.

**(g) RMH**

RMH is a medical and surgical service provider for different customer groups in the field of dermatology. The audited consolidated profit attributable to owners of RMH for the year ended 31 December 2019 was approximately S\$158,000. As at 31 December 2019, the audited consolidated net asset value attributable to owners of RMH was approximately S\$14,744,000.

The Investment Committee noted that the revenue of RMH increased mainly due to attributable to increase in other service in relation to laboratory tests carried out during the treatment.

The Investment Committee considered that the strong potential in the specialist dermatology and surgical service industry in Singapore, RMH would continue to seek to enlarge the market share in the dermatological and surgical services industry in Singapore.

**(h) Wan Leader**

Wan Leader is principally engaged in (i) freight forwarding and related logistics services; and (ii) warehousing and related value-added services. The audited consolidated loss attributable to Wan Leader for the year ended 31 March 2020 was approximately HK\$21,997,000. As at 31 March 2020, the audited consolidated net asset value attributable to owners of Wan Leader was approximately HK\$47,436,000.

The Investment Committee noted that as an effort to expand and diversify of Wan Leader’s business, it launched security screening service which would be one of the main drivers of the revenue in the long run.

The Investment Committee expected that the economic and political challenges would continue to affect the business environment and had a rippling effect through the global supply chains. Wan Leader would closely monitor the needs of the customers and react swiftly in a prudent manner.

**(i) Lai**

Lai is principally engaged in provision of interior design and fit-out services in Hong Kong. The audited consolidated loss attributable to owners of Lai for the year ended 31 March 2020 was approximately HK\$3,747,000. As at 31 March 2020, the audited consolidated net asset value attributable to owners of Lai was approximately HK\$43,559,000.

The Investment Committee noted that the revenue of Lai decreased mainly due to the decrease in revenue generated from both residential and commercial interior design and fit-out services.

The Investment Committee considered that Lai had strengthened position in the interior design and fit-out services by reinforcing the brand promotion in the main stream media and new media, which attracted a large number of new customers.

**(j) LHN**

LHN is principally engaged in (i) space optimisation business; (ii) facilities management business; and (iii) logistics services business. The unaudited consolidated profit attributable to owners of LHN for the six months ended 31 March 2020 was approximately S\$3,176,000. As at 31 March 2020, the unaudited consolidated net asset value attributable to owners of LHN was approximately S\$103,038,000.

The Investment Committee noted that the revenue of LHN decreased was mainly due to decrease in revenue from the industrial and commercial properties under the space optimisation Business, as well as the facilities management business.

The Investment Committee considered that LHN remained cautious and monitored the situation carefully as a decrease in logistics services and a delayed in collection of receivables might be possible in the coming periods given the decline in global economic activity.

**(k) 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 30 June 2020, the Group maintained bank and cash balances of approximately HK\$389,000 (31 December 2019: HK\$862,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

As at 30 June 2020, the gearing ratio for the Group was 18.45% (31 December 2019: 17.24%) which represents the ratio of the Group's total interest-bearing liabilities to the total equity of the Group.

As at 30 June 2020, the Group had net assets of approximately HK\$92,190,000 (31 December 2019: HK\$69,214,000). Except for the margin payable and loan from a director of a subsidiary of approximately HK\$16,213,000 and HK\$800,000 respectively (31 December 2019: HK\$11,934,000 and nil), the Group had no other borrowings or long-term liabilities as at 30 June 2020.

## **Capital Structure**

As at 30 June 2020, the Company's total number of issued shares was 1,927,649,882 (31 December 2019: 1,606,649,882 shares) at HK\$0.02 each.

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 of the Company and potential investments to be identified. 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\$321,000,000 and HK\$311,000,000 respectively. The net price was approximately HK\$0.097 per Placing Share.

## **Events after the Reporting Period**

As at the date of approval of this interim results, the realised and unrealised loss on financial assets at fair value through profit or loss from changes in fair value on financial assets at fair value through profit or loss held as at 30 June 2020 amounted to approximately HK\$13,527,000 and HK\$7,052,000 respectively.

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

## **Employees**

As at 30 June 2020, the Group had 5 employees. Total salaries (excluding directors' remuneration) for the six months ended 30 June 2020 was approximately HK\$1,052,000 (2019: HK\$2,515,000).

## **Charges on Group's Assets**

As at 30 June 2020, listed securities of approximately HK\$95,281,000 pledged for margin payables (31 December 2019: HK\$66,322,000). Except for above mentioned, there were no charges on the Group's assets.

## **Contingent Liabilities**

As at 30 June 2020, no contingent liabilities were noted by the directors (the "Directors") of the Company (31 December 2019: nil).

## **Significant Investments**

As at 30 June 2020, the significant investments of the Group are included in the Management Discussion and Analysis under the section headed "Equity Investments".

## **Interim Dividend**

The board of Directors resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (2019: nil).

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2020.



## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (“**CG Code**”).

During the six months ended 30 June 2020, the Company was in compliance with the code provisions set out in the Former CG Code except for the deviation from code provision A.4.1.

Code provision A.4.1 of the CG Code requires 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 the 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 six months ended 30 June 2020.

## **AUDIT COMMITTEE**

The Company’s audit committee (the “**Audit Committee**”) was established with written terms of reference in compliance with the Listing Rules to review and provide supervision over the Group’s financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Tsang Chung Sing Edward (as chairman), Mr. Yip Ming and Mr. Zhang Bin. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2020.

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

Hong Kong, 28 August 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) and Mr. Liu Yang (Vice Chairman) as non-executive Directors, Mr. Yip Ming, Mr. Tsang Chung Sing Edward, Mr. Zhang Bin and Mr. Wang Ruiyang as independent non-executive Directors.*