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 2018

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 2018 together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**18**	—
Other income	*5*	**30**	189
Net loss on financial assets at fair value through profit or loss		**(5,146)**	(24,139)
Loss on disposal of available-for-sale financial assets		**—**	(1,021)
		(5,098)	(24,971)
Administrative expenses		**(22,030)**	(20,399)
Loss before tax		**(27,128)**	(45,370)
Income tax expense	*6*	**—**	—
Loss for the year	*7*	**(27,128)**	(45,370)

* *For identification purpose only*

	Note	**2018** *HK$'000*	2017 *HK$'000*
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(23)**	51
Reclassification adjustment for amount transferred to profit or loss upon disposal of available-for-sale financial assets		—	1,021
Fair value changes of available-for-sale financial assets		—	856
Other comprehensive income for the year, net of tax		**(23)**	1,928
Total comprehensive income for the year attributable to owners of the Company		**(27,151)**	(43,442)
Loss per share	*9*		
Basic (cents per share)		**1.96**	5.12
Diluted (cents per share)		**1.96**	5.12

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**6,853**	2,400
Available-for-sale financial assets		**—**	16,427
Financial assets at fair value through profit or loss		**14,518**	—
		21,371	18,827
Current assets			
Financial assets at fair value through profit or loss		**111,843**	62,797
Deposits and prepayments		**1,213**	1,226
Bank and cash balances		**927**	918
		113,983	64,941
Current liabilities			
Accruals		**496**	399
Net current assets		**113,487**	64,542
NET ASSETS		**134,858**	83,369
Capital and reserves			
Equity attributable to owners of the Company			
Share capital		**32,133**	21,843
Reserves		**102,725**	61,526
TOTAL EQUITY		**134,858**	83,369
Net asset value per share (cents per share)	*10*	**8.39**	7.63

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 the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the 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 2018 were approved for issue by the Board on 28 March 2019.

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 number of new and revised HKFRSs that are first effective for annual periods beginning on or after 1 January 2018. Of these, HKFRS 9 Financial Instruments is relevant to the Group's consolidated financial statements.

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

HKFRS 9 Financial instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

The adoption of HKFRS 9 resulted in the following changes to the Group's accounting policies.

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL"); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVTOCI.

(ii) Measurement

At initial recognition, the Group measures a financial assets at its fair value plus, in the case of a financial assets not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as revenue when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised as net gain/loss on financial assets at fair value through profit or loss in the consolidated statement of profit or loss and other comprehensive income.

(iii) Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018.

Financial assets	*Note*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Equity investments	(a)	Available-for-sale	FVTPL	16,427	16,427
Equity investments	(b)	FVTPL	FVTPL	62,797	62,797
Deposits		Loans and receivables	Amortised cost	832	832
Bank and cash balances		Loans and receivables	Amortised cost	918	918

The impact of these changes on the Group's equity is as follows:

	Note	**Effect on investment revaluation reserve** *HK$'000*	**Effect on accumulated losses** *HK$'000*
Opening balance — HKAS 39		1,244	(155,536)
Reclassify unlisted equity securities from available-for-sale to financial assets at FVTPL	(a)	(1,244)	1,244
Opening balance — HKFRS 9		—	(154,292)

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application.

The Group did not designate or de-recognise any financial assets or financial liabilities at FVTPL at 1 January 2018.

Notes:

(a) Unlisted equity securities were reclassified from available-for-sale to FVTPL in accordance with the transition provisions set out in HKFRS 9. As a result, unlisted equity securities with a fair value of approximately HK$16,427,000 were reclassified from available-for-sale financial assets to financial assets at FVTPL and fair value gains of approximately HK$1,244,000 were reclassified from the investment revaluation reverse to accumulated losses on 1 January 2018.

(b) Listed equity securities — held for trading are required to be held as FVTPL as under HKFRS 9. There was no impact on the amounts recognised in relation to these assets from the adoption of HKFRS 9.

For assets in scope of the HKFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Group has determined that no material impact for the application of HKFRS 9 impairment model requirements at 1 January 2018.

(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 2018. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
HKFRS 16 Leases	1 January 2019
Annual Improvements to HKFRSs 2015 — 2017 Cycle	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendment and new standard is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standard may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standard is initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standard is initially applied in that interim financial report.

HKFRS 16 Leases

HKFRS 16 replaces HKAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). HKFRS 16 carries forward the accounting requirements for lessors in HKAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Based on a preliminary assessment, the standard will affect primarily the accounting for the Group's operating leases. The Group's office, accommodation property and berth of yacht are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under HKFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group's future minimum lease payments under non-cancellable operating leases for its office, accommodation property and berth of yacht amounted to HK$1,568,000 as at 31 December 2018. These leases are expected to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The amounts will be adjusted for the effects of discounting and the transition reliefs available to the Group.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group's consolidated financial statements from 2019 onwards.

4. REVENUE

Revenue recognised during the year is as follows:

	2018	2017
	HK$'000	*HK$'000*
Interest income on bank deposits	**1**	—
Dividend income	**17**	—
	18	—

The results arising from the fair value change of financial assets at 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$140,995,000 (2017: HK$82,241,000).

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 2017 and 2018, 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

	2018 HK$'000	2017 HK$'000
Net foreign exchange gains	—	132
Gain on disposal of property, plant and equipment	—	26
Sundry income	**30**	31
	30	189

6. 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 (2017: 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 (2017: 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:

	2018 HK$'000	2017 HK$'000
Loss before tax	**(27,128)**	(45,370)
Tax at the Hong Kong Profits Tax rate of 16.5% (2017: 16.5%)	**(4,476)**	(7,486)
Tax effect of income that is not taxable	**(3)**	—
Tax effect of expenses that are not deductible	**2,059**	1,882
Tax effect of other temporary differences not recognised	**(62)**	3,296
Tax effect of tax losses not recognised	**2,607**	2,311
Tax effect of utilisation of tax losses not previously recognised	**(26)**	—
Effect of different tax rate of a subsidiary operating in other jurisdiction	**(99)**	(3)
Income tax expense	**—**	—

At the end of the reporting period the Group has unused tax losses of approximately HK$201,729,000 (2017: HK$180,692,000) 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.

7. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	2018 HK$'000	2017 HK$'000
Auditor's remuneration	**320**	310
Depreciation	**1,668**	1,167
Net foreign exchange loss/(gains)	**786**	(132)
Other equity-settled share-based payments	**—**	317
Operating lease charges for land and buildings	**3,137**	1,756

8. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2018 (2017: Nil).

9. 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$27,128,000 (2017: HK$45,370,000) and the weighted average number of ordinary Shares of 1,383,895,087 (2017: 886,080,841) in issue during the year.

Diluted loss per share

The effect of all potential ordinary Shares would be anti-dilutive for the years ended 31 December 2018 and 2017. Diluted loss per share was the same as the basic loss per share for the years ended 31 December 2018 and 2017.

10. 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 2018 of approximately HK$134,858,000 (2017: HK$83,369,000) and the number of ordinary Shares of 1,606,649,882 (2017: 1,092,149,882) in issue as at that date.

11. EVENTS AFTER THE REPORTING PERIOD

(a) On 31 January 2019, China Financial Leasing Investments Limited ("CFL Investments"), a wholly-owned subsidiary of the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the "MOU I") with potential vendors (the "Potential Vendors I"). Pursuant to the MOU I, CFL Investments intends to acquire, and the Potential Vendors I intend to dispose of, part of the issued share capital in Guangdong Golding Mobile Multimedia Co., Ltd.

On the same day, CFL Investments, as potential purchaser, entered into another non-legally binding memorandum of understanding (the "MOU II") with potential vendors (the "Potential Vendors II"). Pursuant to the MOU II, CFL Investments intends to acquire, and the Potential Vendors II intend to dispose of, part of the issued share capital in 深圳市騰瑞豐科技有限公司.

Further details of MOU I and MOU II were disclosed in the announcement of the Company dated 31 January 2019.

(b) As at the date of approval of this results announcement, the realised and unrealised losses on financial assets at FVTPL from changes in fair value on financial assets at FVTPL held as at 31 December 2018 amounted to approximately HK$4,936,000 and HK$7,921,000 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2018, 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.

Impacted by the trade war between the United States of America (the "United States") and the People's Republic of China (the "PRC") (the "Trade War") and the weakening Renminbi ("RMB") in the second half of 2018, the listed equity securities market sentiment was adversely impacted. The Group continues to monitor the listed and unlisted investment portfolio in cautions. S&P/HKEX GEM Index is one of the key performance indicators of the Company, which crashed approximately 46% in 2018. The small and mid-cap stocks constituents were largely underperformed when compared with Hang Seng Index. However, the Group was able to complete the share placements in April and August 2018 for replenishing the working capital and identifying potential investments, which may also enable the Group to diversify the investment portfolio. Overall for the year ended 31 December 2018, the Group recorded losses of approximately HK$5,146,000 on financial assets at FVTPL. Based on the above and the operating expenses incurred during the year, the Group recorded losses of approximately HK$27,128,000 for the year.

OUTLOOK

The International Monetary Fund revised down the global economic growth for 2019, in addition to all large Central Banks, like Federal Reserve of the United States, European Central Bank and Bank of England, also feel anxious on the economies outlook and face a risk of challenging environment.

If strong United States Dollars and weak emerging market currencies (which also include devaluation of RMB) persists, it will impact fund flow of emerging market and increase the volatility in the emerging market, which would adversely affect the market sentiment. Since the Hong Kong stock market may remain volatile in 2019, the Company will remain cautious on equity market and overall market environment. A lot of challenges are expected in 2019. The Group will continue to monitor the market closely and explore more investment opportunities in order to enhance the investment return for shareholders of the Company.

FINANCIAL REVIEW

As at 31 December 2018, the carrying value of the Group's listed equity investments was approximately HK$111,843,000 (2017: HK$62,797,000) while carrying value of the Group's unlisted equity investment was approximately HK$14,518,000 (2017: HK$16,427,000).

The Group recorded sales proceeds from disposals of trading listed equity securities of approximately HK$140,995,000 (2017: HK$82,241,000) for the year ended 31 December 2018. The realised and unrealised losses on financial assets at FVTPL for the year ended 31 December 2018 were approximately HK$2,701,000 (2017: HK$4,285,000) and HK$2,445,000 (2017: HK$19,854,000) respectively. Loss for the year was approximately HK$27,128,000 (2017: HK$45,370,000) 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 2018:

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$'000)*	Dividend received for the year ended 31 December 2018 *(HK$'000)*	Dividend cover	Approximate percentage of investments attributable to the Group's net assets
Listed equity securities									
(a) 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	114,000,000	1.62%	30,399	0.275	31,350	—	N/A	23.25%
(b) Future Bright Mining Holdings Limited (2212) ("Future Bright Mining")	Marble and marble-related business and trading of commodities	181,000,000	4.68%	34,025	0.113	20,453	—	N/A	15.17%
(c) ISP Global Limited (8487) ("ISP Global")	Engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm systems in Singapore	5,200,000	Less than 1%	8,722	2.820	14,664	—	N/A	10.87%
(d) C&N Holdings Limited (8430) ("C&N Holdings")	Provision of transport and storage services, trucking and hubbing services to the logistics industry in Singapore	30,000,000	4.69%	14,179	0.430	12,900	—	N/A	9.57%
(e) Miji International Holdings Limited (1715) ("Miji International")	Develop, manufacture and sell premium kitchen appliances in the PRC	45,140,000	3.01%	20,850	0.275	12,414	—	N/A	9.21%
(f) 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	9,800,000	4.90%	9,795	0.840	8,232	—	N/A	6.10%
(g) RMH Holdings Limited (8437) ("RMH Holdings")	Provision of specialty care services with medical, surgical, laser and aesthetic treatments in Singapore	27,000,000	4.50%	14,888	0.290	7,830	—	N/A	5.81%
(h) Asia Resources Holdings Limited (899) ("Asia Resources")	Engaged in water exploitation operations, property sales and investment operations in the PRC	50,000,000	Less than 1%	6,717	0.080	4,000	—	N/A	2.97%
Unlisted equity securities									
(i) 深圳聯合能源控股有限公司("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	14,518	—	N/A	10.77%

(a) Asia Television

The investment Committee of the Company (the "Investment Committee") noted that Asia Television involved into the rescue and acquisition of Asia Television Limited ("ATV"), it is believed that the rescue and acquisition of ATV could develop the media, cultural and entertainment business.

The Investment Committee considered that Asia Television continued to consolidate its existing business in fabric and clothing business, money lending business and the media, cultural and entertainment business which could generate relatively stable income stream in the future. It is also expected that the media, culture and entertainment business will be benefited from the rescue and acquisition of ATV.

(b) Future Bright Mining

The Investment Committee noted that apart from existing marble and marble-related business, Future Bright Mining had developed the trading of commodities business, which would diversify its income source and enhance its performance.

The Investment Committee considered that Future Bright Mining intended to increase the variety of marble and marble-related products through acquiring the marble projects in the PRC which would further grow the marble and marble-related business of Future Bright Mining.

(c) ISP Global

The Investment Committee noted that the revenue of ISP Global decreased because of (i) the site delays in sales of sound and communication systems and related services projects; and (ii) less projects being awarded to ISP Global in the integrated sales of sound and communication segment.

The Investment Committee considered that ISP Global planned to expand manpower capabilities and fleet of machinery and equipment, which would enhance resources to bid for future projects. ISP Global is also assessing the possibilities of business expansion in the geographical territories of Malaysia and the PRC which could diversify the revenue from other regions.

(d) C&N Holdings

The Investment Committee noted C&N Holdings is a provider of transport and storage services to the logistics industry in Singapore, the uncertainties in the global trade economy led to the decrease in revenue.

The Investment Committee considered that C&N Holdings would continue maintain its growth in the industry and enhance overall competitiveness and market share in Singapore. It is expected that C&N Holdings would increase service capacity through the acquisition of new vehicles and expansion of the workforce to keep up with the business expansion.

(e) Miji International

The Investment Committee noted that the shares of Miji International were successfully listed on the Main Board of the Stock Exchange in July 2018. Revenue from the sales of kitchen appliances was growing because of the purchasing power of the PRC consumers and the development of online platforms.

The Investment Committee considered that the revenue growth of Miji International will be driven by (i) its sales to middle-class consumers; (ii) the expansion of its sales channels; and (iii) the devotion of resources on marketing activities to promote its brand and products.

(f) Stream Ideas Group

The Investment Committee noted that the shares of Steam Ideas Group were successfully listed on GEM of the Stock Exchange in March 2018. It is also noted that the revenue of Stream Ideas Group was growing in Taiwan, Malaysia and Singapore market.

The Investment Committee considered that the experience, reputation and a first mover advantage of Stream Ideas Group would leverage its strengths to reinforce the leading industry position.

(g) RMH Holdings

The Investment Committee noted that the revenue of RMH Holdings from consultation services, and prescription and dispensing services were benefited from the increase in total number of patient visits.

The Investment Committee considered that RMH Holdings (i) continued to seek to enlarge market share in Singapore; and (ii) gained market penetration into the medical aesthetics field. It is expected that the market position of RMH Holdings will be strengthened.

(h) Asia Resources

The Investment Committee noted that Asia Resources recorded losses from water business and property business.

The Investment Committee considered that despite the losses from water business and property business of Asia Resources, it is expected that completion of facilities in Hunan would improve the profitability of Asia Resources.

(i) 聯合能源

The Investment Committee noted that the fair value of 聯合能源 decreased during the year which may due to the PRC economic slowdown with the hit by Trade War and a slumping global economy.

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 2018, the Group maintained cash and cash equivalents of approximately HK$927,000 (2017: HK$918,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

The gearing ratio of the Group as at 31 December 2018 was Nil (2017: Nil).

The Group had net assets of approximately HK$134,858,000 (2017: HK$83,369,000) and there were no borrowings or long term liabilities as at 31 December 2018 (2017: Nil).

CAPITAL STRUCTURE

As at 31 December 2018, the Company's total number of issued Shares was 1,606,649,882 of HK$0.02 each. On 29 March 2018, the Company entered into a placing agreement (the "Placing Agreement I") with Supreme China Securities Limited ("Supreme") as placing agent where Supreme agreed to place, on a best effort basis, a maximum of 220,000,000 new shares of the Company ("Placing Share I") of HK$0.02 each at HK$0.135 per Placing Share I to not less than six placees who were independent third parties. The placing price of HK$0.135 per Placing Share I represents a discount of approximately 17.68% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK$0.162 as quoted on the Stock Exchange on the date of the Placing Agreement I; and (ii) the average closing price of HK$0.164 in the last five consecutive trading days prior to the date of the Placing Agreement I. 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 April 2018 and a total of 220,000,000 ordinary Shares were issued. The gross and net proceeds were approximately HK$29,700,000 and HK$28,958,000 respectively. The net placing price per Share was approximately HK$0.132.

On 12 July 2018, the Company entered into a placing agreement (the "Placing Agreement II") with Supreme as placing agent where Supreme agreed to place, on a best effort basis, a maximum of 267,000,000 new shares of the Company ("Placing Share II") of HK$0.02 each at HK$0.175 per Placing Share II to not less than six placees who were independent third parties. The placing price of HK$0.175 per Placing Share II represents a discount of approximately 18.60% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK$0.215 as quoted on the Stock Exchange on the date of the Placing Agreement II; and (ii) the average closing price of HK$0.207 in the last five consecutive trading days prior to the date of the Placing Agreement II. The intended and actual use of proceeds from the share placement was for general working capital and investments. The placing transaction was completed on 1 August 2018 and a total of 267,000,000 ordinary Shares were issued. The gross and net proceeds were approximately HK$46,725,000 and HK$45,557,000 respectively. The net placing price per Share was approximately HK$0.171.

During the year, three employees and one consultant of the Company exercised the share options to subscribe 27,500,000 Shares of HK$0.02 each at the exercise price of HK$0.15 per Share. As a result, 27,500,000 ordinary Shares of the Company were issued.

Total consideration received by the Company from the exercise of the share options was approximately HK$4,125,000 during the year.

EVENTS AFTER THE REPORTING PERIOD

(a) On 31 January 2019, CFL Investments, as potential purchaser, entered into the MOU I with Potential Vendors I. Pursuant to the MOU I, CFL Investments intends to acquire, and the Potential Vendors I intend to dispose of, part of the issued share capital in Guangdong Golding Mobile Multimedia Co., Ltd.

    On the same day, CFL Investments, as potential purchaser, entered into the MOU II with Potential Vendors II. Pursuant to the MOU II, CFL Investments intends to acquire, and the Potential Vendors II intend to dispose of, part of the issued share capital in 深圳市騰瑞豐科技有限公司.

    Further details of MOU I and MOU II were disclosed in the announcement of the Company dated 31 January 2019.

(b) As at the date of approval of this results announcement, the realised and unrealised losses on financial assets at FVTPL from changes in fair value on financial assets at FVTPL held as at 31 December 2018 amounted to approximately HK$4,936,000 and HK$7,921,000 respectively.

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

MATERIAL ACQUISITION AND DISPOSAL 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 2018, the Group had 14 employees. Total employee benefits expenses (excluding Directors' emoluments) and Directors' emoluments for the year ended 31 December 2018 were approximately HK$5,430,000 and HK$1,853,000 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, a total of 27,500,000 share options were exercised while no share options were granted, lapsed or cancelled.

CHARGES ON GROUP'S ASSETS

During the year, there were no charges on the Group's assets (2017: Nil).

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 (2017: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2018, 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 2018 (2017: 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 2018.

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 2018.

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 2018, 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 2018.

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 2018.

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 2018 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.

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

Hong Kong, 28 March 2019

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