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 2018

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 2018.

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 2018

	Note	**Six months ended 30 June 2018** (Unaudited) *HK$'000*	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Revenue	*3*	**17**	1
Net gain/(loss) on financial assets at fair value through profit or loss		**39,765**	(729)
Other income		**12**	16
Loss on disposal of available-for-sale financial assets		**—**	(1,021)
Administrative expenses		**(10,533)**	(8,368)
Profit/(loss) before income tax	*5*	**29,261**	(10,101)
Income tax expense	*6*	**—**	—
Profit/(loss) for the period		**29,261**	(10,101)

* *for identification purpose only*

	Note	**Six months ended 30 June 2018**	Six months ended 30 June 2017
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Other comprehensive income, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(17)**	—
Fair value changes of available-for-sale financial assets		**—**	633
Total comprehensive income for the period attributable to the owners of the Company		**29,244**	(9,468)
Earnings/(loss) per share	*7*	***HK cents***	*HK cents*
— Basic		**2.47**	(1.29)
— Diluted		**2.47**	(1.29)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Note	At 30 June 2018 (Unaudited) *HK$'000*	At 31 December 2017 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**1,769**	2,400
Available-for-sale financial assets		**—**	16,427
Financial assets at fair value through profit or loss		**16,253**	—
		18,022	18,827
Current assets			
Financial assets at fair value through profit or loss		**125,058**	62,797
Deposits and prepayments		**1,064**	1,226
Bank and cash balances		**1,665**	918
		127,787	64,941
Current liabilities			
Accruals		**113**	399
Net current assets		**127,674**	64,542
Net assets		**145,696**	83,369
Capital and reserves			
Share capital		**26,793**	21,843
Reserves		**118,903**	61,526
Total equity		**145,696**	83,369
Net asset value per share (HK$)	*9*	**0.11**	0.08

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 2018 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 2018.

The unaudited condensed consolidated interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2017 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 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 2017 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.

HKFRS 9	Financial Instruments
Amendments to HKFRS 2	Share-based Payment: Classification and measurement of share-based payment transaction

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 adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. As permitted by the transitional provisions of HKFRS 9, the Group was elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening accumulated losses of the current period.

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

(a) 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 or fair value through profit or loss; 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 fair value through other comprehensive income.

(b) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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 dividend income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in net gain/(loss) on financial assets at fair value through profit or loss in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

The following table summaries the impact on the Group's opening accumulated losses as at 1 January 2018 is as follows:

	HK$'000
Reclassify available-for-sale to fair value through profit or loss and adjustment to accumulated losses from adoption of HKFRS 9 on 1 January 2018	1,244

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	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK$'000*
Equity investments — Unlisted equity securities	Available-for-sale	Fair value through profit or loss	16,427	16,427
Equity investments — Listed equity securities	Fair value through profit or loss	Fair value through profit or loss	62,797	62,797

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

	Effect on investment revaluation reserve *HK$'000*	**Effect on accumulated losses** *HK$'000*
Opening balance — HKAS 39	1,244	(155,536)
Reclassify equity investments from available-for-sale to financial assets at fair value through profit or loss	(1,244)	1,244
Opening balance — HKFRS 9	—	(154,292)

3. REVENUE

Revenue recognised during the period is as follows:

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Interest income	**—**	1
Dividend income	**17**	—
	17	1

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK$40,702,000 (2017: HK$58,620,000). The realised loss and unrealised profit on financial assets at fair value through profit or loss for the six months ended 30 June 2018 were approximately HK$17,671,000 (2017: profit of HK$4,995,000) and HK$57,436,000 (2017: loss of HK$5,724,000) 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 gain/(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 2017 and 30 June 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. PROFIT/(LOSS) BEFORE INCOME TAX

	Six months ended 30 June 2018 (Unaudited) ***HK$'000***	Six months ended 30 June 2017 (Unaudited) *HK$'000*
Profit/(loss) before income tax is arrived at after charging:		
Operating lease charges in respect of land and buildings	**1,514**	258
Staff costs (excluding directors' remuneration)		
Wages	**2,323**	2,714
Retirement benefits scheme contributions	**73**	90
Depreciation	**664**	526

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 2018 (2017: Nil).

At 30 June 2018, the Group had unused tax losses of approximately HK$203,780,000 (31 December 2017: HK$180,692,000) 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 2017: Nil).

7. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The calculation of the basic earnings per share is based on the profit for the period attributable to the owners of the Company of approximately HK$29,261,000 (2017: loss of HK$10,101,000) and on the weighted average number of 1,185,290,766 shares (2017: 784,469,219 shares).

Diluted earnings/(loss) per share

The Company did not have any potential ordinary shares for the six months ended 30 June 2018 and the effect of all potential ordinary shares would be anti-dilutive for the six months ended 30 June 2017. Diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share for the six months ended 30 June 2017 and 2018.

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 2018 (2017: Nil).

9. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of approximately HK$145,696,000 (31 December 2017: HK$83,369,000) and 1,339,649,882 (31 December 2017: 1,092,149,882) ordinary shares in issue as at 30 June 2018. The net asset value per share as at 30 June 2018 is approximately HK$0.11 (31 December 2017: HK$0.08).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

During the six months ended 30 June 2018, 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 listed and unlisted securities.

In the first half of 2018, the Hong Kong stock market was on roller coaster ride. Hang Seng Index reached historical high in January 2018 and drag down to around 28,000 level near the end of June 2018. The trade war between the People's Republic of China (the "**PRC**") and the United States of America (the "**United States**") and the depreciation of Renminbi ("**RMB**") during the year had adversely impacted the market sentiment. In addition, S&P/HKEX GEM index dropped by approximately 10% during the first half of 2018. This indicated small and mid-cap stocks in GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") were underperformance. However, the Group was able to identify investment opportunities and the overall investment portfolio of the Group had performed well during the six months ended 30 June 2018.

The market is very concern on the trade conflicts between the PRC and the United States, especially the United States had imposed tariffs on the PRC's imported goods since July 2018. In addition, the increment of Federal Reserve's interest rate in recent years had pushed up the value of the United Stated dollars while weakening the currencies in the emerging market such as Brazil, Russia and India.

The market is anxious about the outcomes on the trade conflicts, in particular the trade tariffs imposed on PRC might lead to a devaluation of RMB, which would create a fear to a drop in the global stock markets. Besides, the strong United States dollars and weak currencies in the emerging market would impact the fund flow in emerging market and ultimately increases the volatility in the emerging market. All these would adversely affect the market sentiment.

The Hong Kong stock market may remain volatile in the second half of 2018. The Group will remain cautious and continue to explore investment opportunities to enhance the shareholders' return.

Financial Results

For the six months ended 30 June 2018, the Group recorded a profit of approximately HK$29,261,000 (six months ended 30 June 2017: loss of HK$10,101,000), which was mainly attributable to the net gain (realised loss and unrealised gain) on financial assets at fair value through profit or loss.

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 2018. As at 30 June 2018, the total fair value of the Group's investments was approximately HK$141,311,000 (as at 31 December 2017: HK$79,224,000).

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK$40,702,000 (2017: HK$58,620,000). The realised loss and unrealised profit on financial assets at fair value through profit or loss for the six months ended 30 June 2018 is approximately HK$17,671,000 (2017: profit of HK$4,995,000) and HK$57,436,000 (2017: loss of HK$5,724,000) respectively.

Equity Investments

Listed below are the particulars of the Group's major listed and unlisted equity investments as at 30 June 2018:

				As at 30 June 2018			For the six months ended 30 June 2018			
Name of investees	Number of shares	Approximate percentage of interest held	Cost *HK$'000*	Market price *HK$*	Market value/ fair value *HK$'000*	Approximate percentage of investments attributable to the Group's net assets	Dividend received *HK$*	Dividend cover	Fair value gain/(loss) *HK$'000*	Exchange differences *HK$'000*
Listed equity securities										
(a) ISP Global Limited (8487) ("**ISP**")	11,050,000	1.38%	18,465	2.680	29,614	20.33%	—	N/A	11,149	—
(b) JLogo Holdings Limited (8527) ("**JLogo**")	8,140,000	1.63%	10,218	3.470	28,246	19.39%	—	N/A	18,028	—
(c) Hing Ming Holdings Limited (8425) ("**Hing Ming**")	12,748,000	3.19%	11,399	2.020	25,751	17.67%	—	N/A	8,614	—
(d) Newtree Group Holdings Limited (1323) ("**Newtree Group**")	14,500,000	Less than 1%	6,379	0.580	8,410	5.77%	—	N/A	3,932	—
(e) Hong Kong Resources Holdings Company Limited (2882) ("**Hong Kong Resources**")	122,288,000	3.20%	14,029	0.068	8,316	5.71%	—	N/A	(1,109)	—
(f) Dragon King Group Holdings Limited (8493) ("**Dragon King**")	56,832,000	3.95%	10,146	0.142	8,070	5.54%	—	N/A	(2,246)	—
(g) Kingsoft Corporation Limited (3888) ("**Kingsoft**")	250,000	Less than 1%	6,152	23.800	5,950	4.08%	—	N/A	(202)	—
(h) Basetrophy Group Holdings Limited (8460) ("**Basetrophy Group**")	19,870,000	1.99%	4,175	0.250	4,968	3.41%	—	N/A	589	—
(i) China Internet Investment Finance Holdings Limited (810) ("**China Internet Investment**")	19,008,000	2.90%	7,521	0.142	2,699	1.85%	—	N/A	(912)	—
Unlisted equity securities										
(j) 深圳聯合能源控股有限公司 (formerly Known as Shenzhen Ucar Southern Energy Co. Ltd*) ("**聯合能源**")	N/A	3%	15,000	N/A	16,253	11.16%	—	N/A	37	(211)

* *For identification purpose only*

(a) ISP

ISP is principally engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm systems in Singapore. The unaudited consolidated loss attributable to owners of ISP for the six months ended 31 December 2017 was approximately Singapore dollars ("**S$**")1,867,000. As at 31 December 2017, the unaudited consolidated net asset value attributable to owners of ISP was approximately S$4,484,000.

The investment committee of the Company (the "**Investment Committee**") noted that the shares of ISP were successfully listed on the GEM on the Stock Exchange in January 2018. It was noted that there had been an increasing number of project quotation invitations received by ISP from potential and current customers. The Investment Committee expected that the net proceeds from the listing of shares of ISP would be utilised to enhance ISP's resources to bid future projects and expand ISP's operational capacity, customer base and market share.

(b) JLogo

JLogo is principally engaged in the business of (i) dining operations in Singapore; and (ii) artisanal bakery chains in Malaysia.

The Investment Committee noted that the shares of JLogo were successfully listed on the GEM on the Stock Exchange in May 2018. The net proceeds from the listing of shares of JLogo would be intended to expand the dining operations in Singapore. The Investment Committee expected that the listing of shares of JLogo would strengthen the corporate profile and facilitate the implementation of the business plans to capture more market share.

(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 2018 was approximately HK$15,374,000. As at 31 March 2018, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK$113,216,000.

The Investment Committee noted that the revenue of Hing Ming had increased especially in the rental and related services for the year ended 31 March 2018. The Investment Committee further noted that the unutilised net proceeds from listing of shares of Hing Ming were planned to strengthen the market position in suspended working platform industry, diversifying income stream, and capturing the market demand of rental services.

(d) Newtree Group

Newtree Group is principally engaged in (i) household consumables business, (ii) digital technology business; (iii) coal business; (iv) education business; and (v) money lending business. The audited consolidated profit attributable to owners of Newtree Group for the year ended 31 March 2018 was approximately HK$14,704,000. As at 31 March 2018, the audited consolidated net asset value attributable to owners of Newtree Group was approximately HK$384,259,000.

The Investment Committee noted that the revenue of Newtree Group had increased for the year ended 31 March 2018, mainly due to a growth in the money lending business. The Investment Committee further noted that Newtree Group had disposed underperformed businesses and had allocated more resources to other business such as money lending business. The Investment Committee expected this would improve the profitability of Newtree Group.

(e) Hong Kong Resources

Hong Kong Resources is principally engaged in (i) retailing and franchising operations for selling gold and jewelry products; (ii) entertainment business; and (iii) investment holdings. The unaudited consolidated loss attributable to owners of Hong Kong Resources for the six months ended 31 December 2017 was approximately HK$12,547,000. As at 31 December 2017, the unaudited consolidated net asset value attributable to owners of Hong Kong Resources was approximately HK$142,592,000.

The Investment Committee noted that short term market volatility may hinder the performance of Hong Kong Resources. However, the Investment Committee considered since the PRC is still a major market of Hong Kong Resources, the medium to long term growth of profitability would be improved.

(f) Dragon King

Dragon King is principally engaged in the operation and management of restaurants. The audited consolidated loss attributable to owners of Dragon King for the year ended 31 December 2017 was approximately HK$9,643,000. As at 31 December 2017, the audited consolidated net asset value attributable to owners of Dragon King was approximately HK$55,041,000.

The Investment Committee noted that the shares of Dragon King were successfully listed on the GEM on the Stock Exchange in January 2018. The Investment Committee expected the net proceeds from the listing of shares of Dragon King would be utilised to expand the business in Hong Kong with multi-brand strategy. The listing of shares of Dragon King would also provide a great platform to enhance the branding and strengthen the market position in food and beverage industry.

(g) Kingsoft

Kingsoft is principally engaged in (i) the research and development of games, and provision of online games, mobile games and casual game services; (ii) the provision of cloud storage and cloud computation services; and (iii) the provision of the office software products and services. The audited consolidated profit attributable to owners of Kingsoft for the year ended 31 December 2017 was approximately RMB3,201,837,000. As at 31 December 2017, the audited consolidated net asset value attributable to owners of Kingsoft was approximately RMB12,088,590,000.

The Investment Committee noted that all business segments of Kingsoft had recorded achievements for the year ended 31 December 2017. Revenue from online games continued to grow for consecutive years. Kingsoft was top ranked as public cloud service providers in the PRC. It was expected that there would be an increasing demand in cloud storage applications in various industries. The Investment Committee considered that the leading position of Kingsoft will be penetrated and expanded, leading to a growth in Kingsoft's revenue.

(h) Basetrophy Group

Basetrophy Group is principally engaged in the provision of foundation and site formation works and other geotechnical engineering works as a substructure subcontractor. The audited consolidated loss attributable to owners of Basetrophy Group for the year ended 31 December 2017 was approximately HK$5,996,000. As at 31 December 2017, the audited consolidated net asset value attributable to owners of Basetrophy Group was approximately HK$71,318,000.

The Investment Committee noted that the gross profit of Basetrophy Group decreased because of the increasing construction costs and subcontracting charges. Furthermore, intense market competition and the delay in works progress hindered the performance of Basetrophy Group. However, the Investment Committee considered that Basetrophy Group's additional machinery fleets would enhance the capability to bid future projects and increase the market shares.

(i) China Internet Investment

China Internet Investment is principally engaged in investment in equity securities and debt securities of listed and unlisted securities. The audited consolidated loss attributable to owners of China Internet Investment for the year ended 31 December 2017 was approximately HK$45,339,000. As at 31 December 2017, the audited consolidated net asset value attributable to owners of China Internet Investment was approximately HK$182,075,000.

The Investment Committee noted that China Internet Investment recorded loss from operations for the year ended 31 December 2017 which mainly suffered from a fair value loss in GEM equity securities investments. Although China Internet Investment did not perform well from the operations, the Investment Committee expected the focus of China Internet Investment on the investment in unlisted securities, such as pre-initial public offering investments and private equity investment in the PRC would diversify the investment portfolio of China Internet Investment.

(j) 聯合能源

聯合能源 is principally engaged in the business of providing consumer financial services to owners of motor vehicle in the PRC. It was noted that the revenue of 聯合能源 for the six months ended 30 June 2018 recorded an increase as compare with that for the six months ended 30 June 2017.

The Investment Committee considered that 聯合能源 will bring future positive return to the Group as there is a great market potential in terms of the growing demand in the motor vehicles market in the PRC. 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 2018, the Group maintained bank and cash balances of approximately HK$1,665,000 (31 December 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 30 June 2018 was nil (31 December 2017: nil).

The Group had net assets of approximately HK$145,696,000 (31 December 2017: HK$83,369,000) and there were no borrowings or long-term liabilities as at 30 June 2018 (31 December 2017: nil).

Capital Structure

As at 30 June 2018, the Company's total number of issued shares was 1,339,649,882 (31 December 2017: 1,092,149,882 shares) at HK$0.02 each.

On 20 April 2017, the Company entered into a placing agreement with Supreme China Securities Limited ("**Supreme**") as placing agent where Supreme agreed to place on a best effort basis a maximum of 148,000,000 new shares of the Company ("**Placing Share I**") of HK$0.02 each at HK$0.20 per Placing Share I to at least six placees who were professional investors according to the definition of The Securities and Future Ordinance (the "**SFO**"). The intended and actual use of proceeds from the share placement was for general working capital and investments. The placing transaction was completed on 10 May 2017 and a total of 148,000,000 shares were issued. The gross and net proceeds were approximately HK$29,600,000 and HK$28,810,000 respectively. The net price was approximately HK$0.195 per Placing Share I.

On 11 September 2017, the Company entered into a placing agreement with Supreme as placing agent where Supreme agreed to place on a best effort basis a maximum of 177,000,000 new shares of the Company ("**Placing Share II**") of HK$0.02 each at HK$0.12 per Placing Share II to at least six placees who were professional investors according to the definition of the SFO. The intended and actual use of proceeds from the share placement was for general working capital and investments. The placing transaction was completed on 28 September 2017 and a total of 177,000,000 shares were issued. The gross and net proceeds were approximately HK$21,240,000 and HK$20,709,000 respectively. The net price was approximately HK$0.117 per Placing Share II.

During the year ended 31 December 2017, the subscription rights attaching to 25,200,000 share options issued pursuant to the share option scheme of the Company ("**Share Option Scheme**") were exercised at the subscription price of HK$0.15 per share, resulting in the issue of 25,200,000 shares of HK$0.02 each for a total cash consideration of approximately HK$3,780,000.

On 29 March 2018, the Company entered into a placing agreement with 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 III**") of HK$0.02 each at HK$0.135 per Placing Share III to at least six placees who were professional investors according to the definition of the SFO. 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 shares were issued. The gross and net proceeds were approximately HK$29,700,000 and HK$28,958,000 respectively. The net price was approximately HK$0.132 per Placing Share III.

During the six months ended 30 June 2018, the subscription rights attaching to 27,500,000 share options issued pursuant to the Share Option Scheme were exercised at the subscription price of HK$0.15 per share, resulting in the issue of 27,500,000 shares of HK$0.02 each for a total cash consideration of approximately HK$4,125,000.

Events after the Reporting Period

On 12 July 2018, the Company entered into a placing agreement 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 IV**") of HK$0.02 each at HK$0.175 per Placing Share IV to at least six placees who were professional investors according to the definition of the SFO. 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 shares were issued. The gross and net proceeds were approximately HK$46,725,000 and HK$45,556,000 respectively. The net price was approximately HK$0.171 per Placing Share IV. Details of the Placing Share IV were set out in the announcements of the Company dated 12 July 2018 and 1 August 2018.

On 3 August 2018, China Financial Leasing Investments Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the "**MOU**") with two potential vendors (collectively the "**Potential Vendors**"). Pursuant to the MOU, the Purchaser intends to acquire, and the Potential Vendors intend to dispose of, part of the issued share capital in 上海幽趣網絡科技有限公司. Further details were disclosed in the announcement of the Company dated 3 August 2018.

As at the date of approval of this interim results, the realised profit 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 2018 amounted to approximately HK$9,618,000 and HK$19,941,000 respectively.

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

Employees

As at 30 June 2018, the Group had 10 employees. Total salaries (excluding directors' remuneration) for the six months ended 30 June 2018 was approximately HK$2,323,000 (2017: HK$2,714,000).

Charges on Group's Assets

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

Contingent Liabilities

As at 30 June 2018, no contingent liabilities were noted by the directors (the "**Directors**") of the Company (31 December 2017: nil).

Significant Investments

As at 30 June 2018, 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 2018 (2017: 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 2018.

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 2018.

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 2018, 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 2018.

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. Lau Siu Hang. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2018.

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

Hong Kong, 28 August 2018

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. Lau Siu Hang, Mr. Tsang Chung Sing Edward and Mr. Zhang Bin as independent non-executive directors.