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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 2022

#### 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 2022. 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 2022*

		Six months ended 30 June 2022 (Unaudited) <i>HK\$’000</i>	Six months ended 30 June 2021 (Unaudited) <i>HK\$’000</i>
	<i>Note</i>		
Revenue	3	43	88
Other income		16	—
Net gains on disposal of subsidiaries		1	—
Net loss on financial assets at fair value through profit or loss		(9,130)	(27,099)
Administrative expenses		(1,978)	(2,353)
<b>Loss from operations</b>		<b>(11,048)</b>	<b>(29,364)</b>
Finance costs		(7)	(225)

\* *For identification purposes only*

		<b>Six months ended 30 June 2022 (Unaudited) <i>HK\$'000</i></b>	<b>Six months ended 30 June 2021 (Unaudited) <i>HK\$'000</i></b>
	<i>Note</i>		
Loss before income tax	5	(11,055)	(29,589)
Income tax expense	6	—	—
<b>Loss for the period attributable to owners of the Company</b>		<u>(11,055)</u>	<u>(29,589)</u>
<b>Other comprehensive income for the period:</b> <i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		—	—
		<u>(11,055)</u>	<u>(29,589)</u>
		<i>HK cents</i>	(Re- represented) <i>HK cents</i>
<b>Loss per share</b>	7		
— Basic		<u>4.78</u>	<u>14.58</u>
— Diluted		<u>4.78</u>	<u>14.58</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2022*

	At 30 June 2022 (Unaudited) <i>HK\$'000</i>	At 31 December 2021 (Audited) <i>HK\$'000</i>
<i>Note</i>		
<b>Non-current assets</b>		
Property, plant and equipment	23	17
Right-of-use assets	485	85
Refundable rental deposit	60	62
	568	164
<b>Current assets</b>		
Financial assets at fair value through profit or loss	25,273	25,764
Deposits and other receivables	25	2
Bank and cash balances	10,188	21,125
	35,486	46,891
<b>Current liabilities</b>		
Other payable and accruals	100	437
Lease liabilities	259	96
	359	533
<b>Net current assets</b>	35,127	46,358
<b>Total assets less current liabilities</b>	35,695	46,522
<b>Non-current liabilities</b>		
Lease liabilities	229	—
<b>Net assets</b>	35,466	46,522

		At 30 June 2022 (Unaudited) <i>HK\$'000</i>	At 31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		46,253	46,253
Reserves		<u>(10,787)</u>	<u>269</u>
<b>Total equity</b>		<b><u>35,466</u></b>	<b><u>46,522</u></b>
<b>Net asset value per share (HK cents per share)</b>	<i>9</i>	<b><u>15.34</u></b>	<b><u>20.12</u></b>

# 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 2022 of China Financial Leasing Group Limited and its subsidiaries 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 19 August 2022.

The unaudited condensed consolidated interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2021 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 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 2021 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. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2022 but they do not have a material effect on the Group’s financial statements.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standard in preparing these condensed consolidated interim financial statements.

### 3. REVENUE

Revenue recognised during the period is as follows:

	<b>Six months ended 30 June 2022 (Unaudited) HK\$'000</b>	<b>Six months ended 30 June 2021 (Unaudited) HK\$'000</b>
Interest income	—	—
Dividend income	<u>43</u>	<u>88</u>
	<u><b>43</b></u>	<u><b>88</b></u>

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$49,347,000 (2021: HK\$3,195,000). The realised losses and unrealised gains (2021: unrealised loss) on financial assets at fair value through profit or loss for the six months ended 30 June 2022 were approximately HK\$10,517,000 (2021: HK\$2,328,000) and HK\$1,387,000 (2021: unrealised loss HK\$24,771,000) 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 2021 and 30 June 2022, 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 2022 (Unaudited) HK\$'000</b>	Six months ended 30 June 2021 (Unaudited) HK\$'000
Loss before income tax is arrived at after charging:		
Depreciation charges on right-of-use assets	129	127
Depreciation charges on property, plant and equipment	4	3
Staff costs (excluding directors' remuneration)		
Wages	428	669
Retirement benefits scheme contributions	<u>18</u>	<u>28</u>

## 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 2022 (2021: Nil).

At 30 June 2022, the Group had unused tax losses of approximately HK\$354,855,000 (31 December 2021: HK\$347,292,000) 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 2021: 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\$11,055,000 (2021: HK\$29,589,000) and on the weighted average number of shares 231,264,988 shares (2021 (re-presented): 202,974,933 shares).

### **Diluted loss per share**

As the Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2022 and 2021. Diluted loss per share were the same as the basic loss per share for the six months ended 30 June 2022 and 2021.

## **8. INTERIM DIVIDEND**

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2022 (2021: Nil).

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

The calculation of net asset value per share is based on the net assets of approximately HK\$35,466,000 (31 December 2021: HK\$46,522,000) and 231,264,988 (31 December 2021: 231,264,988) ordinary shares in issue as at 30 June 2022. The net asset value per share as at 30 June 2022 is approximately HK cents 15.34 (31 December 2021: HK cents 20.12).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review and Future Prospects

During the six months ended 30 June 2022, 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.

During first half of 2022, worldwide financial markets continue to be adversely affected by factors such as prolonging Russia-Ukraine conflict, surging energy prices, as well as inflation fear in US that sparked upward trend in interest rate. Aggressive monetary policy by Federal Reserve also triggered fear of US economy may be entering into recession, and thus US stock market encountered significant weakness across the board, S&P index dropped 20.6% for the first six months of 2022. Outbreak of Omicron variant in China in 2Q have led to large scale of lockdown in various mainland major cities, while concern of mainland property market credit crunch crisis has escalated over last year. Basically, it was a very tough investment environment for most people since beginning of the year with prices of equities, bond, gold, cryptocurrency etc all dropped across the board. All the above factors prompted the Hang Seng Index to test further low, dropping to the intraday low of 18,235 in mid March, and closed at around 21,859 in end of June, another 6.6% drop over 2021 year end level. Hang Seng Tech Index suffered 14.1% drop as well. The Group recorded a net fair value losses on listed investments of approximately HK\$9,130,000 for the six months ended 30 June 2022.

Looking ahead for the rest of 2022, how China will handle with the persisting omicron variant situation will to some extent dictate how mainland economy will perform ahead, as any slight relaxation in their strict quarantine policies will be viewed by market as a gesture to open up to the world gradually and sure to stimulate much need economic growth in various industries that were heavily hurt by the COVID pandemic. On the other hand, while US tightening monetary policy will remain in the short term, upcoming midterm election being held in November could prove to be a game changer for financial market. With Democratic party predicted to lose some seats in the upcoming midterm election, Biden government are likely to look for ways to stimulate the economy and a gradual relaxation of monetary policy may be in the picture rather sooner than later. Combining with the fact that after equities downturn over the past year or so, valuation of many quality stocks are now in attractive territory and we see limited downside by accumulating some of it. As usual, the Group will consistently monitor the market activity and research listed and unlisted investment opportunities so as to differentiate the investment portfolio and exploring steadily investments to lower the risk of concentration and to improve the investment return for shareholders of the Company.

## **Financial Results**

For the six months ended 30 June 2022, the Group recorded a loss of approximately HK\$11,055,000 (2021: HK\$29,589,000), which was mainly attributable to the net loss (realised losses and unrealised gains) on financial assets at fair value through profit or loss. The decrease in loss was mainly because of the decrease in net loss on financial assets at fair value through profit and loss and the reduction in operating expenses.

## **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 2022. As at 30 June 2022, the total fair value of the Group's investments was approximately HK\$25,273,000 (as at 31 December 2021: HK\$25,764,000).

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$49,347,000 (2021: HK\$3,195,000). The realised losses and unrealised gains (2021: unrealised loss) on financial assets at fair value through profit or loss for the six months ended 30 June 2022 is approximately HK\$10,517,000 (2021: HK\$2,328,000) and HK\$1,387,000 (2021: unrealised loss HK\$24,771,000) respectively.

## Equity Investments

As at 30 June 2022, the Group held financial assets at fair value through profit or loss of approximately HK\$25,273,000. Listed below are the particulars of the Group's major listed securities:

Name of investees	As at 30 June 2022						For the six months ended 30 June 2022					
	Number of shares ('000)	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 gain/(loss) (HK\$'000)	Unrealised gain/(loss) (HK\$'000)	Fair value gain/(loss) (HK\$'000)
a) Hing Ming Holdings Limited (8425) ("Hing Ming")	16,328	4.08%	18,099	0.315	5,143	14.50%	—	N/A	—	—	(816)	(816)
b) Miji International Holdings Limited (1715) ("Miji International")	33,820	2.25%	5,640	0.135	4,566	12.87%	—	N/A	142	8	(2,572)	(2,564)
c) Tracker Fund of Hong Kong (2800) ("Tracker HK")	100	Less than 1%	2,082	22.280	2,228	6.28%	9	N/A	1,985	(295)	70	(225)
d) Tencent Holdings Limited (700) ("Tencent")	4	Less than 1%	1,505	354.40	1,418	4.00%	7	18.06	876	(217)	(178)	(395)
e) Hang Seng China Enterprises Index ETF (2828) ("HSCEI ETF")	14	Less than 1%	1,180	77.74	1,088	3.07%	—	N/A	525	(179)	(41)	(220)
f) China Carbon Neutral Development Group Limited (1372) ("China Carbon")	1,600	Less than 1%	7,053	2.920	4,672	13.17%	—	N/A	—	—	(2,381)	(2,381)
g) Link-Asia International MedTech Group Limited (1143) ("Link-Asia")	20,000	1.66%	2,024	0.105	2,100	5.92%	—	N/A	—	—	76	76
h) Apple Inc. (AAPL) ("Apple")	0.8	Less than 1%	836	1,072.746	858	2.42%	—	N/A	667	16	22	38
i) CNOOC Limited (883) ("CNOOC")	50	Less than 1%	509	10.360	518	1.46%	—	N/A	—	—	9	9
j) AIA Group Limited (1299) ("AIA")	23	Less than 1%	1,827	85.050	1,956	5.52%	25	4.48	513	8	177	185
k) RMH Holdings Limited (8437) ("RMH")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	2,089	(6,887)	6,458	(429)
l) iShares Hang Seng TECH ETF (3067) ("HS Tech ETF")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	2,261	(272)	225	(47)
m) China Mobile Limited (941) ("China Mobile")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	2,756	126	30	156
n) New World Development Co., Limited. (17) ("New World")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	1,984	36	—	36
o) Deson Development International Holdings Limited (262) ("Deson")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	6,198	(263)	—	(263)
p) China Zenith Chemical Group Limited (362) ("China Zenith")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	1,305	(498)	—	(498)
q) China Baoli Technologies Holdings Limited (164) ("China Baoli")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	3,210	(1,238)	—	(1,238)
r) Other listed investments	N/A	N/A	786	N/A	726	2.05%	2	N/A	24,836	(862)	308	(554)
<b>Total</b>	<b>N/A</b>	<b>N/A</b>	<b>41,541</b>	<b>N/A</b>	<b>25,273</b>	<b>71.26%</b>	<b>43</b>	<b>N/A</b>	<b>49,347</b>	<b>(10,517)</b>	<b>1,387</b>	<b>(9,130)</b>

The net fair value losses on listed investments amounted to approximately HK\$9,130,000 for the six months ended 30 June 2022.

For the listed investments held as at 30 June 2022, the net fair value losses attributable to realised losses and unrealised losses were approximately HK\$659,000 and HK\$5,694,000 respectively. For those listed investments held but were sold during the six months ended 30 June 2022, the net fair value losses attributable to realised losses and unrealised gains were approximately HK\$9,858,000 and HK\$7,081,000. The Group had no unlisted investment during the six months ended 30 June 2022.

**(a) 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 loss attributable to owners of Hing Ming for the year ended 31 March 2022 was approximately HK\$3,035,000. As at 31 March 2022, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK\$121,354,000.

The Investment Committee of the Company (the “**Investment Committee**”) noted that the revenue of Hing Ming increased mainly due to the increase in income generated from equipment installation and inspection services.

The Investment Committee considered that demand for public housing estates will remain high for the coming years and thus demand for Hing Ming temporary suspended working platforms and tower cranes will remain strong but also noticed that competition among peers may remain fierce.

**(b) Miji International**

Miji International is principally engaged in developing, manufacturing and selling premium kitchen appliances in the PRC. The audited consolidated loss attributable to owners of Miji International for the year ended 31 December 2021 was approximately Renminbi (“**RMB**”) 44,353,000. As at 31 December 2021, the audited consolidated net asset value attributable to owners of Miji International was approximately RMB124,268,000.

The Investment Committee noted that Miji International suffered higher losses due to lower revenue as well as the negative impact of surging raw material prices that reduced their gross profit margin.

The Investment Committee considered that the company’s potential strategic cooperation with Shanghai Caizhen Technology Co., Ltd. may present an opportunity for business growth and also an effective way of diversifying the Company’s customer base.

**(c) *Tracker HK***

Tracker HK is an exchange-traded fund designed to provide investment results that closely correspond to the performance of HSI.

The Investment Committee noted that HSI continued its downtrend in first half of 2022 and Tracker HK is the most cost-efficient vehicle for the Company to gain exposure in the Hong Kong blue chip sector.

As a result, the Investment Committee believe our holdings in Tracker HK will be beneficial to the Company results in second half of 2022 if HSI enjoyed up-swing for the remainder of this year and also a good way of diversifying our portfolio of investments.

**(d) *Tencent***

Tencent is a world-leading internet and technology company that develops innovative products and services to improve the quality of life of people around the world. Tencent also publishes some of the world's most popular video games and other high-quality digital content, enriching interactive entertainment experiences for people around the globe. Tencent also offers a range of services such as cloud computing, advertising, financial technology, and other enterprise services. The audited consolidated profit attributable to owners of Tencent for the year ended 31 December 2021 was approximately RMB224,822 million. As at 31 December 2021, the audited consolidated net asset value attributable to owners of Tencent was approximately RMB806,299 million.

The Investment Committee noted that Tencent revenue growth slowed down significantly compared to few years ago due to the much heavier regulatory environment as well as saturation in some of its key operating division. Delay in game approval process also hurt its gaming division growth in the short term.

The Investment Committee considered while its major shareholder Naspers surprise announcement of planning to unload Tencent shares gradually remain an overhang in the short term, underperformance in its share price have largely discounted such negative news. Tencent remain one of the best managed companies among China technology sector and many investment funds continue to hold as core holding.

**(e) HSCEI ETF**

HSCEI ETF is an index-tracking fund which aims to match, before expenses, as closely as practicable the performance of the Hang Seng China Enterprises Index. The HSCEI ETF invests primarily in the constituent stocks of the H-Share Index.

The Investment Committee noted that Hang Seng China Enterprises Index, similar to Hang Seng Index performance in first half of 2022, continue its overall weakness. Similarly, to the Company's investment in Tracker HK, we accumulated this ETF unit in the second half of 2021, in sync with our view that Hong Kong market could enjoy better performance in 2022 and therefore, gaining exposure in the China related shares sector will be beneficial to the Company in the long run.

**(f) China Carbon**

China Carbon Neutral Development Group Limited is principally engaged in global carbon neutral business, civil engineering and construction business as well as carbon asset management business. The audited consolidated profit attributable to owners of China Carbon for the year ended 31 December 2021 was approximately HK\$267,651,000. As at 31 December 2021, the audited consolidated net asset value attributable to owners of China Carbon was HK\$86,874,000.

The Investment Committee noted that China Carbon commenced their global carbon business in early 2021 as various countries in the world like China are vigorously promoting related policies and they have also ceased loss making operations such as automotive engine business.

The Investment Committee considered that China Carbon financial position have strengthen significantly with the raising of funds and this should be beneficial to them in expanding Carbon neutral business.

**(g) Link-Asia**

Link-Asia International MedTech Group Limited is a value-added service provider and electronics manufacturer focused on the "Belt and Road" cross-border supply chain, particularly integrates upstream and downstream resources around the value-added services of the targeted industry supply chain, and selects key countries and cities along the Belt and Road route with high economic growth and high market development for strategic planning. The audited consolidated loss attributable to owners of Link-Asia for the year ended 31 December 2021 was approximately HK\$46,397,000. As at 31 December 2021, the audited consolidated net asset value attributable to owners of Link Asia was approximately HK\$365,877,000.

The Investment Committee noted that Link-Asia's EMS and distribution of communication product business enjoyed healthy growth last year as the adverse impact from COVID-19 began to die down.

The Investment Committee believed that the China's liberalization of fertility policies to encourage people to have three children is positive to Link-Asia in the long run as demand toward high-end medical and health service business should enjoy gradual and steady growth in the coming years.

**(h) *Apple***

Apple is the largest technology company by revenue (totaling US\$83.36 billion in 2021) and as of May 2022, it is the world's second biggest company by market capitalization, the fourth-largest personal computer vendor by unit sales and second-largest mobile phone manufacturer. It is one of the Big Five American information technology companies, alongside Alphabet, Amazon, Meta, and Microsoft.

The Investment Committee noted that Apple share price performance have already outperformed other US tech stocks in first half of 2022 given Apple's diversified source of revenue and being one of the best managed companies in the world. As a result, we will continue to look for opportunities to buy the counter in weakness and sell in the strength coming ahead.

**(i) *CNOOC***

China National Offshore Oil Corporation is the largest offshore oil and gas producer in China. Headquartered in Beijing, CNOOC was founded in 1982. After over 30 years of reform and development, it has become an international energy company with prominent core business, a complete industrial chain and business spreading across 40 countries and regions. The five main business segments of the Company are oil & gas exploration and development, engineering and technical services, refining and marketing, natural gas and power generation and financial services. The audited consolidated profit attributable to owners of CNOOC for the year ended 31 December 2021 was approximately RMB70,320 million. As at 31 December 2021, the audited consolidated net asset value attributable to owners of CNOOC was approximately RMB480,912 million.

The Investment Committee noted that the surging oil prices in first half of 2022 have propelled all worldwide oil companies including CNOOC to enjoy a very healthy run of operating results and to share price as well. Looking ahead, worry of recession in US will continue to impact demand for oil and therefore, the Investment Committee will continue to view CNOOC as more of an short to medium holding depending oil price trend.

**(j) AIA**

AIA is the largest independent publicly listed pan-Asian life insurance group with a presence in 18 markets across Asia, including the mainland of China, Hong Kong, Singapore, Thailand etc, serving the holders of over 39 million individual policies and 16 million members of Group insurance schemes. The audited consolidated profit attributable to owners of AIA for the year ended 31 December 2021 was approximately US Dollars (“US\$”) 7,427 million. As at 31 December 2021, the audited consolidated net asset value attributable to owners of AIA was approximately US\$60,467 million.

The Investment Committee noted that after the pandemic affected 2020, AIA’s value of new business and annualised new premiums all enjoyed rebounding growth in 2021 results. And hence contributing to higher dividend payout in 2021 over 2020 period.

The investment Committee considered that strong US dollar performance in first half of 2022, combining with various lockdown in mainland cities in 2Q 2022, are likely to dampen AIA interim results growth. Nevertheless, we considered these adverse impact are likely to be short term and AIA should be poised to resume growth later in the year with many Asian countries on path to their reopening trend.

**(k) RMH**

RMH is principally engaged in the provision of specialty care services for a variety of dermatological conditions by utilising medical, surgical, laser and aesthetic treatments in Singapore. The audited consolidated loss attributable to owners of RMH for the year ended 31 December 2021 was approximately Singapore dollars (“S\$”) 8,785,000. As at 31 December 2021, the audited consolidated net asset value attributable to owners of RMH was approximately S\$4,567,000.

**(l) HS Tech ETF**

The HS Tech ETF seeks to track the investment results of an index composed of 30 Hong Kong listed companies, in the technology sector or with tech-enabled businesses. The Investment Committee noted that the management fee of this ETF is the lowest among other HS Tech ETF stocks and it’s high number of participating dealers make this ETF one of the most efficient in this sector.

**(m) China Mobile**

China Mobile Limited is the leading telecommunications services provider in the mainland of China, providing full communications services in all 31 provinces, autonomous regions and directly-administered municipalities throughout the mainland of China and in Hong Kong, and boasts a world-class telecommunications operator with the world’s largest network and customer base, a leading position in profitability and market value ranking. Its businesses primarily consist of mobile voice and data

business, wireline broadband and other information and communications services. The audited consolidated profit attributable to owners of China Mobile for the year ended 31 December 2021 was approximately RMB116,148 million. As at 31 December 2021, the audited consolidated net asset value attributable to owners of China Mobile was approximately RMB1,206,350 million.

**(n) *New World***

New World Development Limited is a constituent stock of the Hong Kong Hang Seng Index, with a total asset value of approximately HK\$627.1 billion as at 30 June 2021. Their core business areas include investment in property and property development, and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses, boasting operations in Greater China, especially the Greater Bay Area. The audited consolidated profit attributable to owners of New World for the year ended 30 June 2021 was approximately HK\$1,172 million. As at 30 June 2021, the audited consolidated net asset value attributable to owners of New World was approximately HK\$223,329 million.

**(o) *Deson***

Deson Development International Holdings Limited is principally engaged in general contractor for construction contracting business in the Mainland China, as well as holding property investments and developments particularly in the real estate and hotel sectors. Other business also include security, health related and trading businesses. The audited consolidated loss attributable to owners of Deson for the year ended 31 March 2022 was approximately HK\$27,274,000. As at 31 March 2022, the audited consolidated net asset value attributable to owners of Deson was approximately HK\$1,677 million.

**(p) *China Zenith***

China Zenith Chemical Group Limited is principally engaged in the heat and power business, particularly in the residential heat supply area in Mudanjiang, with gross residential heat supply area amounted to 4 million square feet. It is also in the production of calcium carbide business. The audited consolidated loss attributable to owners of China Zenith for the year ended 30 June 2021 was approximately HK\$450,353,000. As at 30 June 2021, the audited consolidated net asset value attributable to owners of China Zenith was approximately HK\$88,709,000.

**(q) China Baoli**

China Baoli Technologies Holdings Limited is principally engaged in the multi-media technologies and convergence media business, particularly operating the multi-media sharing and advertising platform via different media channels including train media platform, display media platform and convergence media. Another main line of operation is the gamma ray dry grinding and dry beneficiation business. The audited consolidated profit attributable to owners of China Baoli for the year ended 31 March 2022 was approximately HK\$96,614,000. As at 31 March 2022, the audited consolidated net liability value attributable to owners of China Baoli was approximately HK\$355,461,000.

**Liquidity, Financial Resources And Funding**

As at 30 June 2022, the Group maintained bank and cash balances of approximately HK\$10,188,000 (31 December 2021: HK\$21,125,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

As at 30 June 2022 and 31 December 2021, the Group had no interest-bearing liabilities, and therefore the Group did not present the gearing ratio which represents the ratio of the Group's total interest-bearing liabilities to the total equity of the Group.

As at 30 June 2022, the Group had net assets of approximately HK\$35,466,000 (31 December 2021: HK\$46,522,000). The Group had no borrowings or long-term liabilities as at 30 June 2022 and 31 December 2021.

**Capital Structure**

As at 30 June 2022, the Company's total number of issued shares was 231,264,988 (31 December 2021: 231,264,988 shares) at HK\$0.20 each.

On 23 April 2021, the Company entered into a placing agreement with a placing agent where Orient Securities Limited agreed to place on a best effort basis a maximum of 385,000,000 new shares of the Company of HK\$0.02 each at HK\$0.047 per placing share 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 of the Company and potential investments to be identified. The placing transaction was completed on 14 May 2021 and a total of 385,000,000 shares were issued. The gross and net proceeds were approximately HK\$18,100,000 and HK\$17,600,000 respectively. The net price was approximately HK\$0.046 per placing share.

On 12 July 2021, the Board announced to propose that every ten (10) existing shares in the share capital of the Company be consolidated into one (1) consolidated share. On 12 July 2021, there were 2,312,649,882 existing shares in issue which were fully paid or credited as fully paid, upon the share consolidation becoming effective, there will be 231,264,988 consolidated shares in issue which are fully paid or credited as fully paid. On 12 July 2021, the existing shares were traded on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in board lots of 20,000 existing shares. It was proposed that, subject to the share consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 existing shares to 10,000 consolidated shares.

On 20 August 2021, the Board announced that the proposed ordinary resolution was duly passed by the shareholders of the Company by way of poll at the extraordinary general meeting of the Company held on 20 August 2021 to consider the ordinary resolution to be proposed to approve the share consolidation. The Board announced that all the conditions precedent to the share consolidation have been fulfilled and the share consolidation became effective on 24 August 2021.

### **Use of Proceeds from Placing**

The net proceeds from the placing transaction on 14 May 2021, after deduction of all relevant expenses, was approximately HK\$17,600,000, which were used as below: (i) Approximately HK\$12,291,000 was used for investment in the securities which listed on The Stock Exchange of Hong Kong Limited; and (ii) Approximately HK\$5,309,000 was used for general working capital of the Group including for daily operations which was mainly represented by Directors’ emoluments and staff cost of approximately HK\$3,015,000.

### **Events After The Reporting Period**

The realised losses and unrealised losses 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 2022 to the date of approval of this interim results were amounted to approximately HK\$28,000 and HK\$2,915,000 respectively.

On 27 January 2022, The Company proposed capital reduction on issued shares (“**Capital Reduction**”), share premium reduction (“**Share Premium Reduction**”) and subs-division of unissued shares (“**Sub-division**”), with the following details:

- (i) the Capital Reduction involving the reduction of the par value of each issued share from HK\$0.20 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.19 per issued share so that following such reduction, each issued share with a par value of HK\$0.01 in the share capital of the Company shall become one new share; and

- (ii) the Share Premium Reduction involving the reduction of the amount standing to the credit of the Share Premium Account. The credit arising from the Capital Reduction and the Share Premium Reduction will be applied towards offsetting the Accumulated Losses as at the effective date of the Capital Reduction, thereby reducing the Accumulated Losses. The balance of the credit (if any) of the Share Premium Account after offsetting the Accumulated Losses may be applied by the Company in any manner as permitted by all applicable laws and the memorandum and articles of association of the Company.

An extraordinary general meeting has been held on 15 March 2022 and the above resolutions have been duly passed. A petition has been made for the Capital Reduction to the Grand Court of the Cayman Islands (“Court”), and the hearing of the Company’s petition for the Capital Reduction was held on 15 July 2022 before the Court and the Court made an order confirming the Capital Reduction. All the other conditions precedent for the implementation of the Capital Reduction, the Share Premium Reduction and the Sub-division have been fulfilled. The Capital Reduction, the Share Premium Reduction and the Sub-division became effective on 25 July 2022.

The share capital structure of the Company is as following effective from 25 July 2022:

	Before 25 July 2022	With effective from 25 July 2022
Par value	HK\$0.20	HK\$0.01
Amount of the authorised share capital	HK\$300,000,000	HK\$300,000,000
Number of authorised share	1,500,000,000	30,000,000,000
Amount of the issued share capital	HK\$46,252,997.60	HK\$2,312,649.88
Number of issued shares	<u>231,264,988 shares</u>	<u>231,264,988 shares</u>

On 28 July 2022, the Company put forward a proposal to the shareholders to effect the share consolidation which involves the consolidation of every four issued and unissued Existing Shares of HK\$0.01 each into one consolidated share (“**Consolidated Share(s)**”) of HK\$0.04 each (“**Share Consolidation**”). And the Company further proposes, subject to, amongst others, the Share Consolidation becoming effective, to implement the rights issue on the basis of two shares (“**Right Share(s)**”) for every one consolidated share held on the record date for the determination of the entitlements under the Rights Issue (“**Record Date**”) at the subscription price of HK\$0.38 per Rights Share (“**Rights Issue**”), to raise gross proceeds of approximately HK\$43.9 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of 115,632,494 Rights Shares to the qualifying shareholders.

If conditions for Share Consolidation and the Rights Issues have been fulfilled:

- (i) Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$300,000,000 divided into 7,500,000,000 Consolidated Shares of HK\$0.04 each, of which 57,816,247 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue and fully paid or credited as fully paid.
- (ii) Assuming no Shares are issued or repurchased on or before the Record Date, the 115,632,494 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 200% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 66.67% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

The share capital structure of the Company will be as following if the Share Consolidation and Rights Issues are effective:

	<b>Before Share Consolidation effective</b>	<b>After Share Consolidation effective but before Rights Issues</b>	<b>After Rights Issue effective</b>
Par value	HK\$0.01	HK\$0.04	HK\$0.04
Amount of the authorised share capital	HK\$300,000,000	HK\$300,000,000	HK\$300,000,000
Number of authorised share	30,000,000,000	7,500,000,000	7,500,000,000
Amount of the issued share capital	HK\$2,312,649.88	HK\$2,312,649.88	HK\$6,937,949.64
Number of issued shares	<u>231,264,988 shares</u>	<u>57,816,247 shares</u>	<u>173,448,741 shares</u>

Please refer to the announcement of the Company dated 28 July 2022 for more details of the Share Consolidation and Rights Issue.

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

### **Employees**

As at 30 June 2022, the Group had 2 employees. Total salaries (excluding directors' remuneration) for the six months ended 30 June 2022 was approximately HK\$428,000 (2021: HK\$669,000).

### **Charges On Group's Assets**

As at 30 June 2022 and 31 December 2021, there were no charges on the Group's assets.

## **Contingent Liabilities**

As at 30 June 2022, no contingent liabilities were noted by the Directors of the Company (31 December 2021: nil).

## **Significant Investments**

As at 30 June 2022, 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 2022 (2021: 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 2022.

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

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules 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 2022.

## **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 2022, the Company was in compliance with the code provisions set out in the CG Code.

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 2022.

## 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. Hui Yat On (chairman of the Audit Committee), Mr. Lam Wai Tsin and Mr. Chan Pak Lam, Tom. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2022.

For and on behalf of the Board  
**CHINA FINANCIAL LEASING GROUP LIMITED**  
**Lui Cheuk Hang Henri**  
*Executive Director*

Hong Kong, 19 August 2022

*As at the date of this announcement, the Board of Directors of the Company comprises Mr. Lui Cheuk Hang Henri as executive Director, Mr. Lam Wai Tsin, Mr. Hui Yat On and Mr. Chan Pak Lam, Tom as independent non-executive Directors.*