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 2019

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 2019.

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 2019

	Note	**Six months ended 30 June 2019 (Unaudited)** ***HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Revenue	*3*	—	17
Net (loss)/gain on financial assets at fair value through profit or loss		**(33,488)**	39,765
Other income		—	12
Administrative expenses		**(9,964)**	(10,533)
(Loss)/profit from operations		**(43,452)**	29,261
Finance costs		**(76)**	—

* *for identification purpose only*

	Note	Six months ended 30 June 2019 (Unaudited) HK$'000	Six months ended 30 June 2018 (Unaudited) HK$'000
(Loss)/profit before income tax	*5*	**(43,528)**	29,261
Income tax expense	*6*	**—**	—
(Loss)/profit for the period		**(43,528)**	29,261
Other comprehensive income, net of tax:			
Item that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**9**	(17)
Total comprehensive income for the period attributable to the owners of the Company		**(43,519)**	29,244
(Loss)/earnings per share	*7*	***HK cents***	*HK cents*
— Basic		**(2.71)**	2.47
— Diluted		**(2.71)**	2.47

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	Note	**At 30 June 2019 (Unaudited) *HK$'000***	At 31 December 2018 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**5,486**	6,853
Right-of-use assets		**954**	—
Financial assets at fair value through profit or loss		**14,198**	14,518
		20,638	21,371
Current assets			
Financial assets at fair value through profit or loss		**75,010**	111,843
Deposits and prepayments		**871**	1,213
Bank and cash balances		**1,377**	927
		77,258	113,983
Current liabilities			
Margin payables		**4,984**	—
Accruals		**604**	496
Lease liabilities		**490**	—
		6,078	496
Net current assets		**71,180**	113,487
Non-current liabilities			
Lease liabilities		**479**	—
Net assets		**91,339**	134,858
Capital and reserves			
Share capital		**32,133**	32,133
Reserves		**59,206**	102,725
Total equity		**91,339**	134,858
Net asset value per share (cents per share)	*9*	**5.69**	8.39

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 2019 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 2019.

The unaudited condensed consolidated interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2018 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 2018 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 16 Leases
Annual Improvements to HKFRSs 2015–2017 Cycle

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

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases — Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. HKFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Group, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments.

The Group has applied HKFRS 16 using the modified retrospective approach, under which any cumulative effect of initial application is recognised in accumulated losses at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated — i.e. it is presented, as previously reported, under HKAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

(a) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 *Determining Whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under HKFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

(b) As a lessee

The Group leases many assets, including properties, equipment and berth of yacht.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under HKFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases.

However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The recognised right-of-use assets relate to the following types of assets:

	Balance as at	
	30 June 2019	1 January 2019
	HK$'000	*HK$'000*
Properties	**954**	1,202

Significant accounting policies

The Group recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

Transition

Previously, the Group classified property leases as operating leases under HKAS 17. These include office, accommodation property and berth of yacht. The leases typically run for a period of 1 month to 3 years.

At transition, for leases classified as operating leases under HKAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at 1 January 2019. Right-of-use assets are measured at either:

— their carrying amount as if HKFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application; or

— an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments — the Group applied this approach to leases.

The Group used the following practical expedients when applying HKFRS 16 to leases previously classified as operating leases under HKAS 17.

— Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

— Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

— Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

(c) Impacts of financial statements

Impact on transition

On transition to HKFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The change in accounting policy affected the following items on the condensed consolidated statement of financial position (increase/(decrease)) as at 1 January 2019 is summarised below.

	At 1 January 2019 (Unaudited) *HK$'000*
Assets	
Right-of-use assets	**1,202**
Liabilities	
Lease liabilities	**1,202**

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 6.87%.

	At 1 January 2019 (Unaudited) *HK$'000*
Operating lease commitment at 31 December 2018 as disclosed in the Group's consolidated financial statements	**1,568**
Discounted using the incremental borrowing rate at 1 January 2019	**(103)**
Less: Recognition exemption for leases with less than 12 months of leases term at transition	**(263)**
Lease liability recognised as at 1 January 2019	**1,202**
Of which are:	
Current lease liabilities	**474**
Non-current lease liabilities	**728**
	1,202

Impacts for the period

As a result of initially applying HKFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised approximately HK$954,000 of right-of-use assets and approximately HK$969,000 of lease liabilities as at 30 June 2019.

Also in relation to those leases under HKFRS 16, the Group has recognised depreciation and finance costs, instead of operating lease expense. During the six months ended 30 June 2019, the Group recognised approximately HK$248,000 of depreciation charges and approximately HK$37,000 of finance costs from these leases.

3. REVENUE

Revenue recognised during the period is as follows:

	Six months ended 30 June 2019 (Unaudited) ***HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
Interest income	—	—
Dividend income	—	17
	—	17

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK$65,132,000 (2018: HK$40,702,000). The realised and unrealised loss on financial assets at fair value through profit or loss for the six months ended 30 June 2019 were approximately HK$10,688,000 (2018: HK$17,671,000) and HK$22,800,000 (2018: profit of HK$57,436,000) 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)/gain 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 2018 and 30 June 2019, the Group has identified only one segment and the sole business of this segment is investment in listed and unlisted securities. No separate analysis of segment information by business segment is presented.

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

5. (LOSS)/PROFIT BEFORE INCOME TAX

	Six months ended 30 June 2019 (Unaudited) ***HK$'000***	Six months ended 30 June 2018 (Unaudited) *HK$'000*
(Loss)/profit before income tax is arrived at after charging:		
Operating lease charges in respect of land and buildings	**1,470**	1,514
Depreciation charges on right-of-use assets	**248**	—
Depreciation charges on property, plant and equipment	**1,387**	664
Staff costs (excluding directors' remuneration)		
Wages	**2,515**	2,323
Retirement benefits scheme contributions	**73**	73

6. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made in the unaudited condensed consolidated interim financial statements as there is no estimated assessable profit for the six months ended 30 June 2019 (2018: Nil).

At 30 June 2019, the Group had unused tax losses of approximately HK$225,901,000 (31 December 2018: HK$201,729,000) 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 2018: Nil).

7. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings 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$43,528,000 (2018: profit of HK$29,261,000) and on the weighted average number of 1,606,649,882 shares (2018: 1,185,290,766 shares).

Diluted (loss)/earnings per share

The effect of all potential ordinary shares would be anti-dilutive for the six months ended 30 June 2018 and 2019. Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share for the six months ended 30 June 2018 and 2019.

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 2019 (2018: Nil).

9. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of approximately HK$91,339,000 (31 December 2018: HK$134,858,000) and 1,606,649,882 (31 December 2018: 1,606,649,882) ordinary shares in issue as at 30 June 2019. The net asset value per share as at 30 June 2019 is approximately HK cents 5.69 (31 December 2018: HK cents 8.39).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

During the six months ended 30 June 2019, 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 2019, Hang Seng Index started at approximately 25,000 and exceeded 30,000 level in April 2019. Federal Reserve (the "**Federal Reserve**") of the United States of America (the "**United States**") slowed down the tightening policy by halting the interest rate hike and steady declining the balance sheet in September 2019 which may temporarily led to a rise of the market.

The tension of the trade war between the United States and the People's Republic of China (the "**PRC**") (the "**Trade War**") was escalating as the United States raising the tariff from 10% to 25% on United States Dollar 200 billion worth of PRC's products in May 2019. However, at G20 Summit held in June 2019, the market was expecting the restart of trade talks between the United States and the PRC would ease the tension of the Trade War. The Hang Seng Index was at approximately 28,500 level in the end of June 2019.

The listed investment of the Group was underperformed for the six months ended 30 June 2019. The S&P/HKEX GEM Index crashed over 30% for the first half of 2019, and the small and mid-cap stocks constituents were largely underperformed when compared with Hang Seng Index. The Group recorded a loss on listed investments of approximately HK$33,175,000 for the six months ended 30 June 2019. For the unlisted investment of the Group, the Group recorded a fair value loss on unlisted investments in 深圳聯合能源控股有限公司 ("**聯合能源**") of approximately HK$313,000 for the six months ended 30 June 2019. Due to the motor vehicles market in the PRC remained huge, it is expected that the motor vehicles and related services market is optimistic.

During the first half of 2019, the Group had entered into a capital injection agreement (the "**Capital Injection Agreement**") to invest the unlisted equity interests in 深圳市騰瑞豐科技有限公司 (the "**Capital Injection**") (for details about the Capital Injection, please refer to the announcement dated 12 April 2019). Due to no further discussion in relation to Capital Injection, the Capital Injection had been terminated in June 2019 under the provision of the Capital Injection Agreement.

The market remained cautions on the monetary policies of Federal Reserve and the outcomes of the trade talk on the Trade War. The abovementioned was affecting the global market sentiment. It is expected that the Hong Kong stock market may be volatile in the second half of 2019.

The Group penetrates to diversify the investment portfolio and sourcing stable investments to reduce the risk of concentration in one single Hong Kong stock market. Besides the existing unlisted investment of the Group's portfolio and certain memorandums of understanding and memorandums of strategic cooperation entered by the Group in recent years, the Group would continue to explore more investment opportunities, including but not limit to the PRC private equity market securities. The Group would also devote more resources to enhance the corporate image, so as to increase the competitive strength of the Group to bid for quality unlisted investments. The Group will continue to explore listed and unlisted investment opportunities to enhance the shareholders' return.

Financial Results

For the six months ended 30 June 2019, the Group recorded a loss of approximately HK$43,528,000 (six months ended 30 June 2018: profit of HK$29,261,000), which was mainly attributable to the net loss (realised and unrealised loss) 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 2019. As at 30 June 2019, the total fair value of the Group's investments was approximately HK$89,208,000 (as at 31 December 2018: HK$126,361,000).

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK$65,132,000 (2018: HK$40,702,000). The realised and unrealised loss on financial assets at fair value through profit or loss for the six months ended 30 June 2019 is approximately HK$10,688,000 (2018: HK$17,671,000) and HK$22,800,000 (2018: profit of HK$57,436,000) respectively.

Equity Investments

Listed below are the particulars of the Group's major listed and unlisted equity investments as at 30 June 2019:

				As at 30 June 2019			For the six months ended 30 June 2019			
Name of investees	Number of shares	Approximate percentage of interest held	Cost *HK$'000*	Market price *HK$*	Market value/ fair value *HK$'000*	Approximate percentage of investments attributable to the Group's net assets	Dividend received *HK$'000*	Dividend cover	Fair value gain/(loss) *HK$'000*	Exchange differences *HK$'000*
Listed equity securities										
(a) Miji International Holdings Limited (1715) ("**Miji International**")	45,140,000	3.01%	20,850	0.460	20,764	22.73%	–	N/A	8,351	–
(b) Future Bright Mining Holdings Limited (2212) ("**Future Bright Mining**")	187,600,000	4.85%	34,759	0.087	16,321	17.87%	–	N/A	(4,866)	–
(c) National Investments Fund Limited (1227) ("**National Investments**")	44,772,000	4.90%	8,641	0.169	7,566	8.28%	–	N/A	(1,843)	–
(d) RMH Holdings Limited (8437) ("**RMH Holdings**")	29,896,000	4.98%	14,701	0.228	6,816	7.46%	–	N/A	(1,915)	–
(e) Hing Ming Holdings Limited (8425) ("**Hing Ming**")	3,088,000	Less than 1%	4,336	1.400	4,323	4.73%	–	N/A	(13)	–
(f) Wan Leader International Limited (8482) ("**Wan Leader**")	22,680,000	2.70%	7,165	0.172	3,901	4.27%	–	N/A	(3,264)	–
(g) Pacific Legend Group Limited (8547) ("**Pacific Legend**")	21,760,000	2.18%	5,216	0.136	2,959	3.24%	–	N/A	(2,396)	–
(h) C&N Holdings Limited (8430) ("**C&N Holdings**")	28,480,000	4.45%	13,426	0.080	2,278	2.49%	–	N/A	(10,113)	–
(i) ISP Global Limited (8487) ("**ISP Global**")	3,660,000	Less than 1%	6,157	0.600	2,196	2.40%	–	N/A	(9,977)	–
(j) Tasty Concepts Holding Limited (8096) ("**Tasty Concepts**")	7,100,000	1.42%	1,745	0.234	1,661	1.82%	–	N/A	(84)	–
Unlisted equity securities										
(k) 聯合能源	N/A	3.00%	15,000	N/A	14,198	15.54%	–	N/A	(313)	(7)

(a) Miji International

Miji International is principally engaged in developing, manufacturing and selling premium kitchen appliances in the PRC. The audited consolidated profit attributable to owners of Miji International for the year ended 31 December 2018 was approximately Renminbi ("**RMB**") 22,404,000. As at 31 December 2018, the audited consolidated net asset value attributable to owners of Miji International was approximately RMB171,008,000.

The investment committee of the Company (the "**Investment Committee**") noted that the increase of revenue led to the profit of Miji International. The products of Miji International sold through television platform had a significant increment. The Investment Committee considered that the revenue growth of Miji International will be driven by the expansion of its sales channels and the marketing activities to promote its brand and products to middle-class and upper-class customers.

(b) Future Bright Mining

Future Bright Mining is principally engaged in marble and marble-related business and trading of commodities. The audited consolidated loss attributable to owners of Future Bright Mining for the year ended 31 December 2018 was approximately RMB49,528,000. As at 31 December 2018, the audited consolidated net asset value attributable to owners of Future Bright Mining was approximately RMB83,089,000.

The Investment Committee noted that the increase in the selling and distribution expenses and the decrease in revenue led to the loss of Future Bright Mining. The Investment Committee considered that Future Bright Mining would continue to penetrate the existing trading of commodities business and to explore opportunities to acquire mining permit of marble projects in the PRC.

(c) National Investments

National Investments is principally engaged in investments in a diversified portfolio of listed and unlisted companies. The audited consolidated loss attributable to owners of National Investments for the year ended 31 December 2018 was approximately HK$59,654,000. As at 31 December 2018, the audited consolidated net liabilities value attributable to owners of National Investments was approximately HK$100,495,000.

The Investment Committee noted that the loss of National Investments was mainly due to the impairment losses, but the dividend income from investment portfolio was increased. The Investment Committee considered that National Investments would continue to diversify its investment strategy and to adopt and maintain a prudent but proactive investment approach.

(d) RMH Holdings

RMH Holdings is principally engaged in providing specialty care services with medical, surgical, laser and aesthetic treatments in Singapore. The audited consolidated profit attributable to owners of RMH Holdings for the year ended 31 December 2018 was approximately Singapore Dollars ("**S$**") 1,851,000. As at 31 December 2018, the audited consolidated net asset value attributable to owners of RMH Holdings was approximately S$14,606,000.

The Investment Committee noted that RMH Holdings had a slight decrease in revenue and number of patient visits. However, the Investment Committee considered that RMH Holdings continued to seek to enlarge market share in Singapore by building the reputation, branding and business. The market position of RMH Holdings would be consolidated.

(e) Hing Ming

Hing Ming is principally engaged in (i) providing rental services of temporary suspended working platforms and other equipment such as tower cranes and generators; and (ii) trading of equipment and spare parts. The audited consolidated profit attributable to owners of Hing Ming for the year ended 31 March 2019 was approximately HK$6,325,000. As at 31 March 2019, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK$118,706,000.

The Investment Committee noted that the revenue of Hing Ming had decreased because of the competition with other market players. The Investment Committee also noted that Hing Ming had acquired more fleet to keep up with the potential market demand in rental services for construction projects. The Investment Committee expected that Hing Ming would remain competitive in the future.

(f) Wan Leader

Wan Leader is principally engaged in (i) freight forwarding and related logistics services; and (ii) warehousing and related value-added services. The audited consolidated loss attributable to Wan Leader for the year ended 31 March 2019 was approximately HK$15,971,000. As at 31 March 2019, the audited consolidated net asset value attributable to owners of Wan Leader was approximately HK$69,240,000.

The Investment Committee noted that the shares of Wan Leader were successfully listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in September 2018. The Investment Committee noted that the loss of Wan Leader was mainly due to the increase of cost of services and overall expenses. The Investment Committee expected that the net proceeds from the listing of shares of Wan Leader would be utilised to further penetrate its business by expanding the warehouse and its trucking fleet.

(g) Pacific Legend

Pacific Legend is principally engaged in (i) the sale of home furniture and accessories; (ii) leasing of home furniture and accessories; and (iii) provision of design consultancy services for fitting out interiors with furnishings. The audited consolidated loss attributable to owners of Pacific Legend for the year ended 31 December 2018 was approximately HK$17,368,000. As at 31 December 2018, the audited consolidated net asset value attributable to owners of Pacific Legend was approximately HK$137,596,000.

The Investment Committee noted that the shares of Pacific Legend were successfully listed on GEM of the Stock Exchange in July 2018. The Investment Committee noted that the loss of Pacific Legend was due to (i) the decrease of revenue; (ii) the increase of selling and distribution costs; and (iii) increase of administrative and operating expenses. The Investment Committee expected that the net proceeds from the listing of shares of Pacific Legend would be utilised to expand the business by the addition of retail stores and the profitability of Pacific Legend would be improved.

(h) C&N Holdings

C&N Holdings is principally engaged in the provision of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to the customers. The audited consolidated profit attributable to owners of C&N Holdings for the year ended 31 December 2018 was approximately S$467,000. As at 31 December 2018, the audited consolidated net asset value attributable to owners of C&N Holdings was approximately S$21,619,000.

The Investment Committee noted that the decreased revenue of C&N Holdings was impacted by the increasing challenge and uncertainty in the global trade economy. The Investment Committee considered that C&N Holdings would continue to enhance the overall competitiveness and evaluate the impact from the global trade economy.

(i) ISP Global

ISP Global is principally engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm system in Singapore. The unaudited consolidated profit attributable to owners of ISP Global for the six months ended 31 December 2018 was approximately S$65,000. As at 31 December 2018, the unaudited consolidated net asset value attributable to owners of ISP Global was approximately S$14,739,000.

The Investment Committee noted that the revenue of ISP Global decreased because of (i) site delays in sales of sound and communication system and related services projects; and (ii) less projects being awarded in the integrated sales of sound and communication segment. The Investment Committee also noted that staff costs for ISP Global increased in line with the increase in number projects undertaken and geographical expansion into the PRC and Malaysia. It is expected that the revenue from other regions would be expanded.

(j) Tasty Concepts

Tasty Concepts is principally engaged in operation of Japanese ramen restaurants in Hong Kong and the PRC. The audited consolidated loss attributable to owners of Tasty Concepts for the year ended 31 March 2019 was approximately HK$12,261,000. As at 31 March 2019, the audited consolidated net asset value attributable to owners of Tasty Concepts was approximately HK$91,167,000.

The Investment Committee noted that the shares of Tasty Concepts were successfully listed on GEM of the Stock Exchange in March 2019. The revenue of Tasty Group has increased which was mainly due to the increase revenue generated from the new outlets opened in Hong Kong. The Investment Committee expected that the net proceeds from the listing of shares of Tasty Concepts would be utilised to expand the existing business and setting up more outlets in Hong Kong.

(k) 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 fair value of 聯合能源 as at 30 June 2019 slightly decreased compared with that as at 31 December 2018.

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

Liquidity, Financial Resources and Funding

As at 30 June 2019, the Group maintained bank and cash balances of approximately HK$1,377,000 (31 December 2018: HK$927,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

As at 30 June 2019, the gearing ratio for the Group was 5.45% (31 December 2018: nil) which represents the ratio of the Group's total interest-bearing liabilities to the total equity of the Group.

As at 30 June 2019, the Group had net assets of approximately HK$91,339,000 (31 December 2018: HK$134,858,000). Except for the margin payable of approximately HK$4,984,000 (31 December 2018: nil), the Group had no borrowings or long-term liabilities as at 30 June 2019.

Capital Structure

As at 30 June 2019, the Company's total number of issued shares was 1,606,649,882 (31 December 2018: 1,606,649,882 shares) at HK$0.02 each.

On 29 March 2018, 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 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 at least six placees who were professional investors according to the definition of the Securities and Futures 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

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 I.

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 II**") of HK$0.02 each at HK$0.175 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 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$45,557,000 respectively. The net price was approximately HK$0.171 per Placing Share II.

During the year ended 31 December 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

As at the date of approval of this interim results, the realised and unrealised loss on financial assets at fair value through profit or loss from changes in fair value on financial assets at fair value through profit or loss held as at 30 June 2019 amounted to approximately HK$1,610,000 and HK$10,260,000 respectively.

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

Employees

As at 30 June 2019, the Group had 13 employees. Total salaries (excluding directors' remuneration) for the six months ended 30 June 2019 was approximately HK$2,515,000 (2018: HK$2,323,000).

Charges on Group's Assets

As at 30 June 2019, listed securities of approximately HK$62,741,000 pledged for margin payables (31 December 2018: nil). Except for above mentioned, there were no charges on the Group's assets.

Contingent Liabilities

As at 30 June 2019, no contingent liabilities were noted by the directors (the "**Directors**") of the Company (31 December 2018: nil).

Significant Investments

As at 30 June 2019, 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 2019 (2018: 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 2019.

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 2019.

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 2019, 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 2019.

AUDIT COMMITTEE

The Company's audit committee (the "**Audit Committee**") was established with written terms of reference in compliance with the Listing Rules to review and provide supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Tsang Chung Sing Edward (as chairman), Mr. Yip Ming and Mr. Zhang Bin. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2019.

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

Hong Kong, 28 August 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.