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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 2021

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 2021.

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 2021

		Six months ended 30 June 2021 (Unaudited) <i>HK\$’000</i>	Six months ended 30 June 2020 (Unaudited) <i>HK\$’000</i>
	<i>Note</i>		
Revenue	3	88	54
Other income		—	3,107
Net loss on financial assets at fair value through profit or loss		(27,099)	(6,127)
Administrative expenses		(2,353)	(4,441)
Loss from operations		(29,364)	(7,407)
Finance costs		(225)	(789)

* for identification purpose only

		Six months ended 30 June 2021 (Unaudited) <i>HK\$'000</i>	Six months ended 30 June 2020 (Unaudited) <i>HK\$'000</i>
	<i>Note</i>		
Loss before income tax	<i>5</i>	(29,589)	(8,196)
Income tax expense	<i>6</i>	<u>—</u>	<u>—</u>
Loss for the period attributable to owners of the Company		<u>(29,589)</u>	<u>(8,196)</u>
Other comprehensive income for the period:			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>—</u>	<u>35</u>
Total comprehensive income for the period attributable to owners of the Company		<u>(29,589)</u>	<u>(8,161)</u>
Loss per share	<i>7</i>	<i>HK cents</i>	<i>HK cents</i>
— Basic		<u>1.46</u>	<u>0.43</u>
— Diluted		<u>1.46</u>	<u>0.43</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	<i>Note</i>	At 30 June 2021 (Unaudited) <i>HK\$'000</i>	At 31 December 2020 (Audited) <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		6	3
Right-of-use assets		211	339
Refundable rental deposit		62	62
		279	404
Current assets			
Financial assets at fair value through profit or loss		48,955	74,514
Deposits and other receivable		9,756	13,002
Bank and cash balances		14,794	120
		73,505	87,636
Current liabilities			
Margin payable and accruals		4,820	5,547
Borrowings		200	1,650
Lease liabilities		234	270
		5,254	7,467
Net current assets		68,251	80,169
Total assets less current liabilities		68,530	80,573
Non-current liabilities			
Lease liabilities		—	96
Net assets		68,530	80,477
Capital and reserves attributable to owners of the Company			
Share capital		46,253	38,553
Reserves		22,277	41,924
Total equity		68,530	80,477
Net asset value per share (HK cents per share)	9	2.96	4.17

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 2021 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 27 August 2021.

The unaudited condensed consolidated interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2020 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 2021 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 2021 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standards in preparing these condensed consolidated interim financial statements.

3. REVENUE

Revenue recognised during the period is as follows:

	Six months ended 30 June 2021 (Unaudited) HK\$'000	Six months ended 30 June 2020 (Unaudited) HK\$'000
Interest income	—	—
Dividend income	<u>88</u>	<u>54</u>
	<u>88</u>	<u>54</u>

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$3,195,000 (2020: HK\$37,480,000). The realised losses and unrealised losses (2020: unrealised gains) on financial assets at fair value through profit or loss for the six months ended 30 June 2021 were approximately HK\$2,328,000 (2020: HK\$19,525,000) and HK\$24,771,000 (2020: HK\$13,398,000) 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 2020 and 30 June 2021, 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

	Six months ended 30 June 2021 (Unaudited) HK\$'000	Six months ended 30 June 2020 (Unaudited) HK\$'000
Loss before income tax is arrived at after charging:		
Operating lease charges in respect of land and buildings	—	210
Depreciation charges on right-of-use assets	127	200
Depreciation charges on property, plant and equipment	3	765
Staff costs (excluding directors' remuneration)		
Wages	669	1,052
Retirement benefits scheme contributions	28	36

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 2021 (2020: Nil).

At 30 June 2021, the Group had unused tax losses of approximately HK\$306,945,000 (31 December 2020: HK\$302,116,000) 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 2020: 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\$29,589,000 (2020: HK\$8,196,000) and on the weighted average number of 2,029,749,330 shares (2020: 1,888,847,684 shares).

Diluted loss per share

As the Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2020 and 2021. Diluted loss per share were the same as the basic loss per share for the six months ended 30 June 2020 and 2021.

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 2021 (2020: Nil).

9. NET ASSET VALUE PER SHARE

The calculation of net asset value per share is based on the net assets of approximately HK\$68,530,000 (31 December 2020: HK\$80,477,000) and 2,312,649,882 (31 December 2020: 1,927,649,882) ordinary shares in issue as at 30 June 2021. The net asset value per share as at 30 June 2021 is approximately HK cents 2.96 (31 December 2020: HK cents 4.17).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

During the six months ended 30 June 2021, China Financial Leasing Group Limited (the “**Company**”) with its subsidiaries (collectively the “**Group**”) was mainly engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities.

In the first half of 2021, the outbreak of the COVID-19 pandemic was well contained by Hong Kong and the People’s Republic of China (the “**PRC**”). However, there was no timetable for complete relaxation of social distancing measures. Meanwhile, the overseas COVID-19 pandemic did not show a sign of successful containment due to the surging case of Delta alternative of COVID-19.

Besides the COVID-19 pandemic, the surging inflation rate in the United States of the America (the “**United States**”) and the increasing worry of the PRC’s anti-monopoly policy limited the growth of the market performance. Looking forward to economic recovery from COVID-19 pandemic, Hang Seng Index had once reached over 31,100 points in February 2021 but it closed at around 28,800 in June 2021, dropped over approximately 2,300 points or 7.4% from the top. The Hang Seng TECH Index performed much worse, it reached over 11,000 points in February 2021 and dropped by approximately 2,850 points or 25.9% to around 8,150 at the end of June 2021. The Group recorded a net fair value losses on listed investments of approximately HK\$27,099,000 for the six months ended 30 June 2021.

Looking forward for the second half of 2021, the market will remain cautious on the severity of the Delta alternative of COVID-19 overseas, and the increasing tension between the Sino-U.S. relationship and the policy direction of the PRC. The stock market is expected to remain struggling and fragile. 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 2021, the Group recorded a loss of approximately HK\$29,589,000 (2020: HK\$8,196,000), which was mainly attributable to the net loss (realised losses and unrealised losses) 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 2021. As at 30 June 2021, the total fair value of the Group's investments was approximately HK\$48,955,000 (as at 31 December 2020: HK\$74,514,000).

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$3,195,000 (2020: HK\$37,480,000). The realised losses and unrealised losses (2020: unrealised gains) on financial assets at fair value through profit or loss for the six months ended 30 June 2021 is approximately HK\$2,328,000 (2020: HK\$19,525,000) and HK\$24,771,000 (2020: HK\$13,398,000) respectively.

Equity Investments

As at 30 June 2021, the Group held financial assets at fair value through profit or loss of approximately HK\$48,955,000. Listed below are the particulars of the Group's major listed securities:

Name of investees	As at 30 June 2021						For the six months ended 30 June 2021					
	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 loss (HK\$'000)	Unrealised gain/(loss) (HK\$'000)	Fair value gain/(loss) (HK\$'000)
Listed equity securities												
(a) Hing Ming Holdings Limited (8425) ("Hing Ming")	16,464	4.12%	18,250	0.790	13,007	18.98%	—	N/A	—	—	(12,019)	(12,019)
(b) ISP Global Limited (8487) ("ISP")	11,130	1.39%	10,486	0.820	9,127	13.32%	—	N/A	—	—	(11,687)	(11,687)
(c) RMH Holdings Limited (8437) ("RMH")	24,896	3.46%	12,243	0.285	7,095	10.35%	—	N/A	—	—	(1,494)	(1,494)
(d) Miji International Holdings Limited (1715) ("Miji International")	42,460	2.83%	7,054	0.182	7,728	11.28%	—	N/A	—	—	(349)	(349)
(e) WAC Holdings Limited (8619) ("WAC")	10,638	1.11%	20,342	0.100	1,064	1.55%	—	N/A	—	—	(2,587)	(2,587)
(f) C&N Holdings Limited (8430) ("C&N")	6,810	Less than 1%	3,202	0.120	817	1.19%	—	N/A	1,328	(1,164)	851	(313)
(g) Alibaba Group Holding Limited (9988) ("Alibaba")	4	Less than 1%	886	220.000	880	1.28%	—	N/A	—	—	(6)	(6)
(h) Pacific Legend Group Limited (8547) ("Pacific Legend")	14,100	1.18%	849	0.174	2,453	3.58%	—	N/A	—	—	1,593	1,593
(i) Golden Ponder Holdings Limited (1783) ("Golden Ponder")	5,860	Less than 1%	1,181	0.310	1,817	2.65%	—	N/A	—	—	943	943
(j) Wan Leader International Limited (8482) ("Wan Leader")	6,750	Less than 1%	1,587	0.320	2,160	3.15%	—	N/A	—	—	573	573
(k) Other listed investments	N/A	N/A	7,958	N/A	2,807	4.10%	88	N/A	1,867	(1,164)	(589)	(1,753)
Total	N/A	N/A	84,038	N/A	48,955	71.43%	88	N/A	3,195	(2,328)	(24,771)	(27,099)

The net fair value losses on listed investments amounted to approximately HK\$27,099,000 for the six months ended 30 June 2021.

For the listed investments held as at 30 June 2021, the net fair value losses attributable to realised losses and unrealised losses were approximately HK\$1,018,000 and HK\$25,133,000 respectively. For those listed investments held but were sold during the six months ended 30 June 2021, the net fair value loss attributable to realised losses and unrealised gains were approximately HK\$1,310,000 and HK\$362,000 respectively.

The Group had no unlisted investment during the six months ended 30 June 2021.

(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 profit attributable to owners of Hing Ming for the year ended 31 March 2021 was approximately HK\$4,579,000. As at 31 March 2021, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK\$124,389,000.

The Investment Committee of the Company (the “**Investment Committee**”) noted that the revenue of Hing Ming decreased mainly due to the decrease in income generated from trading of permanent suspended working platforms business.

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 in the years to come.

(b) ISP

ISP is principally engaged in the sales, installation and maintenance of sound and communication system solutions, and alert alarm system in Singapore. The unaudited consolidated profit attributable to owners of ISP for the nine months ended 31 March 2021 was approximately Singapore Dollars (“S\$”) 46,817. As at 31 March 2021, the unaudited consolidated net asset value attributable to owners of ISP was approximately S\$14,561,000.

The Investment Committee noted that the income of ISP decreased because of the ISP business in Singapore adversely affected by COVID-19 pandemic as well as suffering from higher administrative expenses and foreign exchange losses.

The Investment Committee considered that ISP strived to improve operation efficiency and profitability of business and their expansion into China market could be beneficial to ISP in the long run.

(c) RMH

RMH is a medical and surgical service provider for different customer groups in the field of dermatology. The audited consolidated loss attributable to owners of ISP for the year ended 31 December 2020 was approximately Singapore Dollars (“S\$”) 9,272,000. As at 31 December 2020, the audited consolidated net asset value attributable to owners of ISP was approximately S\$5,531,000.

The Investment Committee noted that the RMH business suffered because of COVID-19 pandemic in Singapore, Hong Kong and worldwide throughout 2020 associated with stringent government measures and lockdown that had adversely impacted the clinics operation.

The Investment Committee considered that with possible easing of government anti COVID-19 measures and continuous rapid roll out of mass vaccination in Singapore, RMH Singapore business could resume steady growth.

(d) 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 2020 was approximately Renminbi (“RMB”)19,950,000. As at 31 December 2020, the audited consolidated net asset value attributable to owners of Miji International was approximately RMB168,749,000.

The Investment Committee noted that Miji International suffered losses due to COVID-19 pandemic that led to their downturn in retail sales performances as well as delay in the supply of raw materials from suppliers

The Investment Committee considered that Miji International may benefit from the recovery in China retail market due to the well containment of COVID-19 pandemic.

(e) WAC

WAC is a construction engineering consultant focusing on the area of comprehensive structural and geotechnical engineering design which is mainly provided in Hong Kong and Macau. WAC’s consultancy services mainly cover: (i) structural engineering; (ii) geotechnical engineering; (iii) certain civil engineering practice areas; and (iv) material engineering. The audited consolidated profit attributable to owners of WAC for the year ended 31 March 2021 was approximately HK\$6,315,000. As at 31 March 2021, the audited consolidated net assets value attributable to owners of WAC was approximately HK\$70,096,000.

The Investment Committee noted that the revenue of WAC increased due to the increase in revenue contribution from structural and geotechnical engineering consultancy services of construction of new properties and e-commerce retail online platform consulting services.

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

(f) C&N

C&N is a provider of transport and storage services to the logistics industry in Singapore, offering trucking and hubbing services to the customers. Trucking services refer to the delivery of cargo, primarily containers, from our customers’ designated pick up point to their designated delivery point. The audited consolidated loss attributable

to owners of C&N for the year ended 31 December 2020 was approximately S\$811,410. As at 31 December 2020, the unaudited consolidated net asset value attributable to owners of C&N was approximately S\$19,827,000.

The Investment Committee noted C&N suffered decrease in revenue because of decrease in volume from their customers with the unfavourable trade economy outlook and port closures in some countries for a few months as a result of COVID-19 pandemic.

The Investment Committee considered that C&N may benefit from economic recovery in Singapore that could led to their company expanding the market share as well as growth.

(g) Alibaba

Alibaba is one of the world's biggest online commerce company that specializes in e-commerce, retail, internet and technology field. The company provides various business to consumer, consumer to consumer services as well as electronic payment services. The audited consolidated profit attributable to owners of Alibaba for the year ended 31 March 2021 was approximately RMB150,308 million. As at 31 March 2021, the audited consolidated net asset value attributable to owners of Alibaba was approximately RMB937,470 million.

The Investment Committee noted that the revenue of Alibaba increased mainly due to continuous growth in their active user base as well revenue contribution from Sun Art.

The Investment Committee considered that Alibaba may continue to enjoy steady growth in many of their operating lines and removal of regulatory overhang down the road could revive institutional interest to the counter.

(h) Pacific Legend

Pacific Legend principally operates home furniture and related accessories businesses, that includes retail, corporate sales etc. as well as rental of home furniture and accessories. The audited consolidated loss attributable to owners of Pacific Legend for the year ended 31 December 2020 was approximately HK\$43,830,000. As at 31 December 2020, the audited consolidated net asset value attributable to owners of Pacific Legend was approximately HK\$89,116,000.

The Investment Committee noted that the revenue of Pacific Legend decreased mainly due to outbreak of COVID-19 pandemic that led to the downturn in retail sales as well as delay in the release of corporate showflats.

The Investment Committee considered that Pacific Legend operating environment will remain challenging due to the competitive market conditions and their return to profitability will depend on their ability to cut costs

(i) Golden Ponder

Golden Ponder is principally engaged in the provision of superstructure building and RMAA works service as a main contractor in Hong Kong. The audited consolidated loss attributable to Golden Ponder for the year ended 31 March 2021 was approximately HK\$12,314,000. As at 31 March 2021, the audited consolidated net asset value attributable to owners of Golden Ponder was approximately HK\$167,957,000.

The Investment Committee noted Golden Ponder suffered higher losses because of the decrease in the number of projects that are available for tendered during the year as well as the intensified competition in the industry.

The Investment Committee considered that with Golden Ponder was successfully awarded several sizable building construction contracts and thus upcoming revenue will benefit from that.

(j) Wan Leader

Wan Leader is principally engaged in provision of (i) air freight forwarding and related logistics services and (ii) sea freight forwarding and related logistics services. The audited consolidated profit attributable to owners of Wan Leader for the year ended 31 March 2021 was approximately HK\$4,849,000. As at 31 March 2021, the audited consolidated net asset value attributable to owners of Wan Leader was approximately HK\$52,346,000.

The Investment Committee noted that the revenue of Wan Leader increased due to the increase in demand for air cargo space during COVID-19 pandemic.

The Investment Committee considered that Wan Leader may benefit further from increase in demand from Europe and United States customers once their economy recover after the COVID-19 pandemic.

(k) Other listed investments

On 8 February 2021, National Investments Fund Limited (1227) (“**National Investments Fund**”) was ordered to be wound up by the High Court of Hong Kong in HCCW 67/2020 pursuant to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, Laws of Hong Kong) and the Official Receiver by virtue of her office becomes the Provisional Liquidator of National Investments Fund. On the same date, trading in National Investments Fund’s share has been suspended and the book carrying value of the company invested in National

Investments Fund was approximately HK\$449,000. The Company has made full provision for diminution in value of investment cost of approximately HK\$3,550,000 in National Investments Fund during the six months ended 30 June 2021.

Liquidity, Financial Resources and Funding

As at 30 June 2021, the Group maintained bank and cash balances of approximately HK\$14,794,000 (31 December 2020: HK\$120,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

As at 30 June 2021, the gearing ratio for the Group was 4.22% (31 December 2020: 5.36%) which represents the ratio of the Group's total interest-bearing liabilities to the total equity of the Group.

As at 30 June 2021, the Group had net assets of approximately HK\$68,530,000 (31 December 2020: HK\$80,477,000). Except for the margin payable of approximately HK\$2,690,000 (31 December 2020: 2,666,000) and borrowings approximately HK\$200,000 (31 December 2020: HK\$1,650,000), the Group had no other borrowings or long-term liabilities as at 30 June 2021.

Capital Structure

As at 30 June 2021, the Company's total number of issued shares was 2,312,649,882 (31 December 2020: 1,927,649,882 shares) at HK\$0.02 each.

On 30 December 2019, the Company entered into a placing agreement with Orient Securities Limited ("**Orient**") as placing agent where Orient agreed to place on a best effort basis a maximum of 321,000,000 new shares of the Company ("**Placing Share I**") of HK\$0.02 each at HK\$0.1 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 January 2020 and a total of 321,000,000 shares were issued. The gross and net proceeds were approximately HK\$32,100,000 and HK\$31,137,000 respectively. The net price was approximately HK\$0.097 per Placing Share I.

On 23 April 2021, the Company entered into a placing agreement with a placing agent where Orient agreed to place on a best effort basis a maximum of 385,000,000 new shares of the Company ("**Placing Share II**") of HK\$0.02 each at HK\$0.047 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 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 II.

Events after the Reporting Period

(a) On 12 July 2021, the board (the “**Board**”) of directors (the “**Directors**”) of the Company 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.

(b) 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 2021 to the date of approval of this interim results were amounted to approximately HK\$2,222,000 and HK\$8,472,000 respectively.

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

Employees

As at 30 June 2021, the Group had 3 employees. Total salaries (excluding directors’ remuneration) for the six months ended 30 June 2021 was approximately HK\$669,000 (2020: HK\$1,052,000).

Charges on Group’s Assets

As at 30 June 2021, listed securities of approximately HK\$47,391,000 pledged for margin payables (31 December 2020: HK\$74,514,000). Except for above mentioned, there were no charges on the Group’s assets.

Contingent Liabilities

As at 30 June 2021, no contingent liabilities were noted by the Directors of the Company (31 December 2020: nil).

Significant Investments

As at 30 June 2021, 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 2021 (2020: 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 2021.

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 2021.

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 2021, 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 2021.

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 four independent non-executive Directors, namely, Mr. Luk Chi Shing (as chairman), Mr. Wang Ruiyang, Mr. Lam Wai Tsin and Mr. Hui Yat On. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021.

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

Hong Kong, 27 August 2021

As at the date of this announcement, the board of Directors of the Company comprises Mr. Chiu Wai Lap and Mr. Lui Cheuk Hang Henri as executive Directors, Mr. Liu Hailong (Chairman) and Mr. Xiao Shen as non-executive Directors, Mr. Wang Ruiyang, Mr. Lam Wai Tsin, Mr. Luk Chi Shing and Mr. Hui Yat On as independent non-executive Directors.