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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Financial Leasing Group Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (collectively refer to as the “Group”) for the year ended 31 December 2021 together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue	4	95	113
Other income	5	—	2,846
Net loss on financial assets at fair value through profit or loss		(45,583)	(14,114)
		(45,488)	(11,155)
Impairment loss on other receivables		(1,028)	—
Administrative expenses		(4,831)	(7,374)
Loss from operations		(51,347)	(18,529)
Finance costs	6	(250)	(1,115)
Loss on disposal of subsidiaries, net		—	(163)
Loss before tax		(51,597)	(19,807)
Income tax expense	7	—	—
Loss for the year attributable to owners of the Company	8	(51,597)	(19,807)

* *For identification purposes only*

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other comprehensive income for the year			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		—	1,067
Exchange differences reclassified to profit or loss on disposal of subsidiaries		—	(1,134)
Other comprehensive income for the year, net of tax		—	(67)
Total comprehensive income for the year attributable to owners of the Company		<u>(51,597)</u>	<u>(19,874)</u>
			(Re-represented)
Loss per share	<i>10</i>		
Basic (HK cents per share)		<u>23.79</u>	<u>10.38</u>
Diluted (HK cents per share)		<u>23.79</u>	<u>10.38</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		17	3
Right-of-use assets		85	339
Refundable rental deposit		62	62
		164	404
Current assets			
Financial assets at fair value through profit or loss		25,764	74,514
Deposits and other receivable		2	13,002
Bank and cash balances		21,125	120
		46,891	87,636
Current liabilities			
Margin payable and accruals		437	5,547
Borrowings		—	1,650
Lease liabilities		96	270
		533	7,467
Net current assets		46,358	80,169
Total assets less current liabilities		46,522	80,573
Non-current liabilities			
Lease liabilities		—	96
NET ASSETS		46,522	80,477
Capital and reserves attributable to owners of the Company			
Share capital		46,253	38,553
Reserves		269	41,924
TOTAL EQUITY		46,522	80,477
			(Re-represented)
Net asset value per share (HK cents per share)	<i>11</i>	20.12	41.75

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law (2007 Revision) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of its principal place of business is 11/F., Wui Tat Centre, 55 Connaught Road West, Hong Kong. The Company's shares (the "Shares") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities on a general perspective.

The consolidated financial statements for the year ended 31 December 2021 were approved for issue by the Board on 25 March 2022.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and with the disclosure requirements of the Companies Ordinance (Cap. 622).

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in this results announcement.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phrase 2
Amendment to HKFRS 16	Leases — COVID-19-Related Rent Concession

The application of the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(b) New and revised HKFRSs in issue but not yet effective

The Group has not applied any new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2021. These new and revised HKFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to HKFRS 3 Business Combination — Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16 Property Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37 Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to HKFRSs 2018 — 2020 Cycle	1 January 2022
Amendments to HKAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements — Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12 Income Taxes — Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

4. REVENUE

Revenue recognised during the year is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Dividend income	<u>95</u>	<u>113</u>

The results arising from the fair value change of financial assets at fair value through profit or loss (“FVTPL”) are shown separately in the consolidated statement of profit or loss and other comprehensive income under the line of “Net loss on financial assets at fair value through profit or loss”. The gross proceeds from trading of securities for the year amounted to approximately HK\$22,457,000 (2020: HK\$65,477,000).

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group’s executive director for his decisions about resources allocation to the Group’s business components and review of these components’ performance.

For both years ended 31 December 2021 and 2020, the Group has identified only one segment and the sole business of this segment is investment in listed and unlisted securities. No separate analysis of segment information by business segment is presented.

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

5. OTHER INCOME

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Gain on forfeiture of deposit received	—	2,550
Gain on disposal of property, plant and equipment	—	295
Sundry income	<u>—</u>	<u>1</u>
	<u>—</u>	<u>2,846</u>

6. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on borrowings	70	41
Interest expense on lease liabilities	20	47
Interest on margin payable	<u>160</u>	<u>1,027</u>
	<u>250</u>	<u>1,115</u>

7. INCOME TAX EXPENSE

The Group is not subject to any taxation under the jurisdictions of the Cayman Islands and the British Virgin Islands during the year (2020: Nil).

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements since the Group has no assessable profit for the year (2020: Nil).

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss before tax	<u>(51,597)</u>	<u>(19,807)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2020: 16.5%)	(8,514)	(3,269)
Tax effect of income that is not taxable	(15)	(3,583)
Tax effect of expenses that are not deductible	2,333	2,586
Tax effect of other temporary differences not recognised	(3)	(6,911)
Tax effect of tax losses not recognised	6,199	11,099
Effect of different tax rate of a subsidiary operating in other jurisdiction	<u>—</u>	<u>78</u>
Income tax expense	<u>—</u>	<u>—</u>

At the end of the reporting period the Group has unused tax losses of approximately HK\$347,292,000 (2020: HK\$309,721,000) available for offset against future profits and are subject to the approval of Inland Revenue Department. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

8. LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group's loss for the year attributable to owners of the Company is stated after charging/(crediting) the following:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Auditor's remuneration	335	335
Depreciation of property, plant and equipment	3	1,147
Depreciation of right-of-use assets	254	337
Government grant [#]	—	(538)
Loss of early extinguishment of lease	—	2
Net foreign exchange loss	—	258
	<u> </u>	<u> </u>

[#] In the year ended 31 December 2020, the Group recognised government grants of approximately HK\$538,000 in respect of COVID-19 related subsidies which relates to Employment Support Scheme provided by the Government of the Hong Kong Special Administrative Region.

9. DIVIDENDS

The Directors do not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

10. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately HK\$51,597,000 (2020: HK\$19,807,000) and the weighted average number of ordinary shares of 216,919,783 (2020 (re-represented): 190,835,480) in issue during the year.

Diluted loss per share

As the Company did not have any dilutive potential ordinary shares for the years ended 31 December 2021 and 2020, diluted loss per share was the same as the basic loss per share for the years ended 31 December 2021 and 2020.

11. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of the Group as at 31 December 2021 of approximately HK\$46,522,000 (2020: HK\$80,477,000) and the number of ordinary shares of 231,264,988 in issue as at that date. (2020 (re-represented): 192,764,988 ordinary shares as adjusted to reflect the share consolidation on 24 August 2021)

12. EVENTS AFTER THE REPORTING PERIOD

(a) Realised losses and unrealised losses on financial assets at FVTPL

The realised losses and unrealised losses on financial assets at FVTPL from changes in fair value on financial assets at FVTPL held as at 31 December 2021 to the date of approval of this results announcement were amounted to approximately HK\$8,356,000 and HK\$3,431,000 respectively.

(b) Capital reduction, share premium reduction, and the sub-division

At the extraordinary general meeting of the Company held on 15 March 2022, approval was given by the shareholders of the Company to proceed with the capital reduction, share premium reduction, and the sub-division involving:

- (i) Reducing the par value of each of the issued shares from HK\$0.20 to HK\$0.01 per issued share by cancelling the paid-up share capital to the extent of HK\$0.19 per issued share;
- (ii) The reduction of the amount standing to the credit of the share premium account, which shall be effective when the capital reduction becomes effective;
- (iii) The credit arising from the capital reduction and the share premium reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the capital reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board consider appropriate. The balance of the credit (if any) of the share premium account after offsetting the accumulated losses will be applied by the Company in any manner as permitted by all applicable laws and the memorandum and articles of association of the Company;
- (iv) Each of the authorized but unissued shares with par value of HK\$0.20 each be sub-divided into 20 shares with par value of HK\$0.01 each; and
- (v) Each of the shares arising from the capital reduction and the sub-division shall rank pari passu in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

The expected effective date of the capital reduction, share premium reduction, and the sub-division is on 23 June 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year ended 31 December 2021, 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.

COVID-19 pandemic continued to drag on and affected all countries to different extent in terms of economic growth, as well as inter-countries trade flow. The rally in Hang Seng Index (“HSI”) during beginning of 2021 was rather short lived as the index remained on a downward trend after reaching the peak of just above 31,000 in mid-February. Throughout the year, HSI edged 14.1% downward to close at 23,397. Besides the credit crisis in mainland property developer, increasing regulation into large cap tech companies listed in Hong Kong and the United States Securities and Exchange Commission in the United States of America (the “United States” or “US”) imposing foreign securities accounting requirement that affected the Chinese American Depositary Receipt listed in US were the major reasons that also drove Hang Seng TECH Index to plummet 31.6% for the year. The realised losses and unrealised losses (2020: unrealised gains) on financial assets at fair value through profit or loss (“FVTPL”) for the year ended 31 December 2021 are approximately HK\$33,334,000 (2020: HK\$54,067,000) and HK\$12,249,000 (2020: HK\$39,953,000) respectively.

OUTLOOK

Adverse impact from COVID-19 pandemic to the overseas financial market should continue to ease. Nonetheless, the Russian invasion of Ukraine since late February had sparked a massive round of sell off in worldwide stock markets including HSI. The market will remain highly volatile in the near term depending on the duration and eventual outcome of the Russia-Ukraine conflict. Another highly variable factor is how quickly the People’s Republic of China (the “PRC” or “China”) can combat the current wave of Omicron variants within the territory, which impacts economic growth for the remainder of the year. While investors’ confidence will remain weak in the near term, the Group’s healthy financial position enable us to take advantage of the current market weakness and bargain hunt for potential investment opportunities. We will continue to identify suitable sound investments as well as using selective derivate instruments to enhance shareholder return.

FINANCIAL REVIEW

As at 31 December 2021, the carrying value of the Group’s listed equity investments was approximately HK\$25,764,000 (2020: HK\$74,514,000) while carrying value of the Group’s unlisted equity investment was nil (2020: nil).

The Group recorded sales proceeds from disposals of trading listed equity securities of approximately HK\$22,457,000 (2020: HK\$65,477,000) for the year ended 31 December 2021. The realised losses and unrealised losses (2020: unrealised gains) on financial assets

at FVTPL for the year ended 31 December 2021 were approximately HK\$33,334,000 (2020: HK\$54,067,000) and HK\$12,249,000 (2020: HK\$39,953,000) respectively. Loss for the year was approximately HK\$51,597,000 (2020: HK\$19,807,000) which was mainly attributable to the operating expenses and equity investments losses.

EQUITY INVESTMENTS

As at 31 December 2021, the Group held financial assets at FVTPL of approximately HK\$25,764,000. Listed below are the particulars of the Group's major listed equity securities:

Name of investees	As at 31 December 2021						For the year ended 31 December 2021					
	Number of shares	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 total 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)
Listed equity securities												
(a) Hing Ming Holdings Limited (8425) ("Hing Ming")	16,328,000	4.08%	18,099	0.365	5,960	12.66%	—	N/A	48	(102)	(18,915)	(19,017)
(b) RMH Holdings Limited (8437) ("RMH")	18,256,000	2.11%	8,977	0.138	2,519	5.35%	—	N/A	926	(2,339)	(2,805)	(5,144)
(c) Miji International Holdings Limited (1715) ("Miji International")	34,630,000	2.31%	5,753	0.210	7,272	15.45%	—	N/A	1,162	(138)	496	358
(d) Tracker Fund of Hong Kong (2800) ("Tracker HK")	110,000	less than 1%	2,708	23.520	2,587	5.50%	—	N/A	—	—	(121)	(121)
(e) Tencent Holdings Limited (700) ("Tencent")	3,500	less than 1%	1,676	456.800	1,599	3.40%	—	N/A	—	—	(77)	(77)
(f) Hang Seng China Enterprises Index ETF (2828) ("HSCEI ETF")	17,000	less than 1%	1,502	83.520	1,420	3.02%	—	N/A	—	—	(82)	(82)
(g) China Mobile Limited (941) ("China Mobile")	22,000	less than 1%	1,060	46.800	1,030	2.19%	7	2.13	—	—	(30)	(30)
(h) AIA Group Limited (1299) ("AIA")	10,000	less than 1%	837	78.600	786	1.67%	—	N/A	441	13	(51)	(38)
(i) China Unicom (Hong Kong) Limited (762) ("China Unicom")	180,000	less than 1%	736	3.900	702	1.49%	—	N/A	—	—	(34)	(34)
(j) iShares Hang Seng TECH ETF (3067) ("HS Tech ETF")	50,000	less than 1%	820	11.900	595	1.27%	—	N/A	—	—	(225)	(225)
(k) ISP Global Limited (8487) ("ISP")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	3,363	(7,123)	(10,327)	(17,450)
(l) WAC Holdings Limited (8619) ("WAC")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	895	(19,447)	16,691	(2,756)
(m) Pacific Legend Group Limited (8547) ("Pacific Legend")	N/A	N/A	N/A	N/A	N/A	N/A	—	N/A	1,973	1,124	(11)	1,113
(n) Other listed investments	N/A	N/A	5,179	N/A	1,294	2.75%	88	N/A	13,649	(5,322)	3,242	(2,080)
Total	N/A	N/A	47,347	N/A	25,764	54.75%	95	N/A	22,457	(33,334)	(12,249)	(45,583)

The realised and unrealised losses on listed investments amounted to approximately HK\$45,583,000 for the year ended 31 December 2021.

For the listed investments held as at 31 December 2021, the realised losses and unrealised losses were approximately HK\$2,648,000 and HK\$22,179,000 respectively. For those listed investments held but were sold during the year ended 31 December 2021, the realised losses and unrealised gains were approximately HK\$30,686,000 and HK\$9,930,000 respectively.

(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) 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 2020 was approximately Singapore Dollars (“S\$”) 9,272,000. As at 31 December 2020, the audited consolidated net asset value attributable to owners of RMH 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 the past year associated with stringent government measures and lockdown that had adversely impacted the clinics operation.

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

(c) 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”) 21,128,000. 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 will benefit from the gradual recovery in China retail market due to the well containment of COVID-19 pandemic.

(d) 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 was one of the worst performing indices among the world developed stock market in 2021 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 accumulation of Tracker HK unit during second half of 2021 will be beneficial to the Company results in 2022 if HSI enjoyed rather significant rebound from 2021 year end level.

(e) 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 (“FinTech”), and other enterprise services. The audited consolidated profit attributable to owners of Tencent for the year ended 31 December 2020 was approximately RMB159,847 million. As at 31 December 2020, the audited consolidated net asset value attributable to owners of Tencent was approximately RMB703,984 million.

The Investment Committee noted that the revenue of Tencent continued to grow steadily with monthly active user of Weixin and WeChat remain on a uptrend while its value added services revenue enjoyed a 32% growth in 2020 driven by revenue in mobile games.

The Investment Committee considered that Tencent should have no problem adapting with the new regulatory environment, which should contribute to a more sustainable development path for the mobile gaming industry. Other core revenue generating business of communication and FinTech should enjoy steady growth ahead.

(f) 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 dropped 23.3% in 2021, in which the performance was worse than HSI. 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.

(g) China Mobile

China Mobile 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 2020 was approximately RMB107,843 million. As at 31 December 2020, the audited consolidated net asset value attributable to owners of China Mobile was approximately RMB1,148,916 million.

The Investment Committee noted that the revenue of China Mobile still enjoy a modest growth despite the adverse impact from COVID-19 pandemic that hurt the revenue from its voice services, as other data services revenue helped offset the impact.

The Investment Committee considered that China Mobile completed its issue of A Shares in mainland stock market, as well as the announcement of plan to buy back H Shares in Hong Kong, will be a beneficial factor in supporting share price in Hong Kong in the short to medium term.

(h) 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 2020 was approximately US Dollars (“US\$”) 5,779 million. As at 31 December 2020, the audited consolidated net asset value attributable to owners of AIA was approximately US\$63,200 million.

The Investment Committee noted that while the value of AIA new business dropped in 2020 due to the COVID-19 pandemic, AIA still managed to achieve growth in other key financial metrics such as recurring sources of earnings and in-house proactive management of their in-force portfolio.

The Investment Committee considered that AIA value of new business has rebounded gradually since early 2021 and believes the gradual easing of social distancing measures in many Asian countries will be beneficial to AIA and its long-term growth prospect will remain intact.

(i) China Unicom

China Unicom operates a wide range of services, including mobile broadband, fixed-line broadband, mobile voice, fixed-line voice, information and communications technology, data communications and other related value-added services. The audited consolidated profit attributable to owners of China Unicom for the year ended 31 December 2020 was approximately RMB12,493 million. As at 31 December 2020, the audited consolidated net asset value attributable to owners of China Unicom was approximately RMB326,587 million.

The Investment Committee noted both revenue and profit of China Unicom enjoyed a modest growth as the prevention of pandemic had accelerated the development of the digital economy, in which China Unicom seized the opportunities of development and turned adversity into opportunities for the benefit of shareholder.

The Investment Committee considered that China Unicom declaring an interim dividend back in August 2021 and the fact that management had hinted to increase dividend payout ratio was an encouraging sign of China Unicom’s business prospect ahead.

(j) 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 its high number of participating dealers make this ETF one of the most efficient in this sector.

The Investment Committee believed that buying this ETF enables the company to gain exposure in the technology sector and rally in the underlying Hang Seng Tech Index will be beneficial to the Company's bottom line.

(k) ISP

ISP is principally engaged in the sales, installation and maintenance of sound and communication system solutions and alert alarm systems in Singapore. The audited consolidated loss attributable to owners of ISP for the year ended 30 June 2021 was approximately S\$446,000. As at 30 June 2021, the audited consolidated net asset value attributable to owners of ISP was approximately S\$14,458,000.

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 return to profitability path may take longer than expected given evolving COVID-19 pandemic situation and therefore decided to dispose all of the holdings to switch to other investments with better potential.

(l) WAC

WAC is principally engaged in provision of comprehensive structural and geotechnical engineering consultancy services. 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 asset value attributable to owners of WAC was approximately HK\$70,096,000.

The Investment Committee noted that the revenue of the 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 the revenue of WAC for the first quarter of 2021 was flat and therefore decided to dispose the holdings to switch to other investments with better potential.

(m) 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 business operating environment remain challenging due to the competitive market conditions and therefore decide to lock in our gains and switch to other investments with better potential in the long run.

(n) 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 year ended 31 December 2021.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2021, the Group maintained cash and cash equivalents of approximately HK\$21,125,000 (2020: HK\$120,000) which were mainly denominated in Hong Kong dollars (“HK\$”). The Group will monitor the exposure and take prudent measures when necessary.

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

As at 31 December 2021, the Group had net assets of approximately HK\$46,522,000 (2020: HK\$80,477,000), the Group had no borrowings or long-term liabilities. As at 31 December 2020, except for the margin payable of approximately HK\$2,666,000 and borrowings of approximately HK\$1,650,000, the Group had no other borrowings or long-term liabilities.

CAPITAL STRUCTURE

As at 31 December 2021, the Company’s total issued shares was 231,264,988 of HK\$0.2 each (2020: 1,927,649,882 of HK\$0.02 each). The Group had no debt securities or other capital instruments as at 31 December 2021.

- (a) 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”) (collectively “Placing I”). The intended and actual use of proceeds from the share placement was for general working capital and investments. The placing transaction was completed on 23 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.
- (b) On 23 April 2021, the Company entered into a placing agreement with Orient as 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 (collectively “Placing II”). 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.
- (c) On 12 July 2021, the board (the “Board”) of directors (the “Directors”) of the Company announced to propose that every ten (10) issued and unissued shares of par value of HK\$0.02 each in the share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.20 each. 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.

EVENTS AFTER THE REPORTING PERIOD

(a) Realised losses and unrealised losses on financial assets at FVTPL

The realised losses and unrealised losses on financial assets at FVTPL from changes in fair value on financial assets at FVTPL held as at 31 December 2021 to the date of approval of this results announcement were amounted to approximately HK\$8,356,000 and HK\$3,431,000 respectively.

(b) Capital reduction, share premium reduction, and the sub-division

At the extraordinary general meeting of the Company held on 15 March 2022, approval was given by the shareholders of the Company to proceed with the capital reduction, share premium reduction, and the sub-division involving:

- (i) Reducing the par value of each of the issued shares from HK\$0.20 to HK\$0.01 per issued share by cancelling the paid-up share capital to the extent of HK\$0.19 per issued share;
- (ii) The reduction of the amount standing to the credit of the share premium account, which shall be effective when the capital reduction becomes effective;
- (iii) The credit arising from the capital reduction and the share premium reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the capital reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board consider appropriate. The balance of the credit (if any) of the share premium account after offsetting the accumulated losses will be applied by the Company in any manner as permitted by all applicable laws and the memorandum and articles of association of the Company;
- (iv) Each of the authorized but unissued shares with par value of HK\$0.20 each be sub-divided into 20 shares with par value of HK\$0.01 each; and
- (v) Each of the shares arising from the capital reduction and the sub-division shall rank pari passu in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

The expected effective date of the capital reduction, share premium reduction, and the sub-division is on 23 June 2022.

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

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group has not made any material acquisition or disposal of subsidiaries during the year under review.

EMPLOYEE BENEFITS

As at 31 December 2021, the Group had 2 employees. Total employee benefits expenses (excluding Directors' emoluments) and Directors' emoluments for the year ended 31 December 2021 were approximately HK\$1,273,000 (2020: HK\$1,621,000) and HK\$1,454,000 (2020: HK\$1,698,000) respectively. For the year ended 31 December 2020, COVID-19 related government grants amounted to approximately HK\$538,000 have been offset adjust employee benefits expense. The remuneration policy of the Group is reviewed annually and employees are remunerated based on their performance, experience and the prevailing market practice. No Director or executive is involved in dealing with his own remuneration.

In addition to salary payments, the Group has participated in the Mandatory Provident Fund Scheme (the "MPF Scheme") in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the MPF Scheme at 5% of each employee's monthly relevant income subject to a monthly maximum amount of HK\$1,500.

The Company maintains a share option scheme, pursuant to which share options are granted to selected directors, employees or other eligible participants of the Group, with a view to attract and retain quality personnel and to provide them with incentive to contribute to the business and operation of the Group. During the year, there were no share options exercised, granted, lapsed or cancelled.

CHARGES ON GROUP'S ASSETS

As at 31 December 2021, there were no charges on the Group's assets. As at 31 December 2020, listed securities of approximately HK\$74,514,000 were pledged to secure margin payable. Except for above mentioned, there were no charges on the Group's assets.

FOREIGN EXCHANGE EXPOSURE

During the year, the investments of the Group were mainly denominated in HK\$. Therefore, there was no material foreign exchange exposure to the Group.

CONTINGENT LIABILITIES

During the year, there were no contingent liabilities noted by the Directors (2020: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2021, the significant investments of the Group are included in the Group's investments under the section headed "Equity Investments" in this results announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2021.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings regarding securities transactions by Directors as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

All the Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2021.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of The Corporate Governance Code And Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance practices.

During the year ended 31 December 2021, the Company was in compliance with the code provisions set out in the CG Code except for the deviation from code provision A.4.1.

Code provision A.4.1 of the CG Code provides that non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation at least once in every three years in accordance with the articles of association of the Company.

Save as aforesaid and in the opinion of the Directors, the Company was in compliance with the code provisions set out in the CG Code during the year ended 31 December 2021.

AUDIT COMMITTEE

The Audit Committee (the “Audit Committee”) was established on 7 October 2002. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Luk Chi Shing (chairman of the Audit Committee), Mr. Lam Wai Tsin and Mr. Hui Yat On.

The terms of reference adopted by the Audit Committee are aligned with the code provisions set out in the CG Code.

The Audit Committee shall meet the external auditor to discuss any area of concern during the audit or review. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of standards, but also on the Listing Rules and the legal requirements in the review of the Group’s interim and annual reports.

The Audit Committee has reviewed the audited financial statements of the Group for the year ended 31 December 2021.

REVIEW OF FINANCIAL INFORMATION

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group’s auditor, RSM Hong Kong, to the amounts set out in the Group’s draft consolidated financial statements for the year. The work performed by RSM Hong Kong in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by RSM Hong Kong on the preliminary announcement.

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

Hong Kong, 25 March 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. Luk Chi Shing and Mr. Hui Yat On as independent non-executive Directors.