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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 2023

#### 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 2023. 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 2023

	<i>Note</i>	Six months ended 30 June 2023 (Unaudited) <i>HK\$'000</i>	Six months ended 30 June 2022 (Unaudited) <i>HK\$'000</i>
Revenue	3	353	43
Other income	5	20	16
Net gains on disposal of subsidiaries		—	1
Net loss on financial assets at fair value through profit or loss		(2,376)	(9,130)
Administrative expenses		(1,606)	(1,978)
<b>Loss from operations</b>		<b>(3,609)</b>	<b>(11,048)</b>
Finance costs		(9)	(7)
<b>Loss before income tax</b>	6	<b>(3,618)</b>	<b>(11,055)</b>
Income tax expense	7	—	—
<b>Loss for the period attributable to owners of the Company</b>		<b>(3,618)</b>	<b>(11,055)</b>

\* For identification purposes only

		<b>Six months ended 30 June 2023 (Unaudited) <i>HK\$'000</i></b>	<b>Six months ended 30 June 2022 (Unaudited) <i>HK\$'000</i></b>
	<i>Note</i>		
<b>Other comprehensive income for the period:</b>			
<i>Item that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		—	—
		<b>(3,618)</b>	<b>(11,055)</b>
		<b>2.09</b>	<b>6.37</b>
<b>Loss per share</b>	<b>8</b>	<b>2.09</b>	<b>6.37</b>
— Basic		<b>2.09</b>	<b>6.37</b>
— Diluted		<b>2.09</b>	<b>6.37</b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2023*

	<i>Note</i>	At 30 June 2023 (Unaudited) HK\$'000	At 31 December 2022 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		10	—
Right-of-use assets		—	—
Refundable rental deposit		60	60
		70	60
<b>Current assets</b>			
Financial assets at fair value through profit or loss		46,612	45,913
Deposits and other receivables		25	25
Bank and cash balances		18,041	22,933
		64,678	68,871
<b>Current liabilities</b>			
Other payable and accruals		—	433
Lease liabilities		229	268
		229	701
<b>Net current assets</b>		64,449	68,170
<b>Total assets less current liabilities</b>		64,519	68,230
<b>Non-current liabilities</b>			
Lease liabilities		—	93
<b>Net assets</b>		64,519	68,137
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital		6,938	6,938
Reserves		57,581	61,199
<b>Total equity</b>		64,519	68,137
<b>Net asset value per share (HK cents per share)</b>	9	37.20	39.28

# 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 2023 of China Financial Leasing Group Limited and its subsidiaries have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” (“**HKAS 34**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). It was authorised for issue on 18 August 2023.

The unaudited condensed consolidated interim financial statement has been prepared in accordance with the same accounting policies adopted in the 2022 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 2022 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 2023 but they do not have a material effect on the Group’s financial statements, except than the below discussed.

### **Deferred tax related to assets and liabilities arising from a single transaction**

The Group has adopted Amendments to HKAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” from 1 January 2023. The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases.

Prior to the adoption of Amendments to HKAS 12, the Group applied the initial recognition exemption under paragraphs 15 and 24 of HKAS 12 for leasing transactions that give rise to equal and offsetting temporary differences, and therefore no deferred tax has been recognised for temporary differences relating to right-of-use assets and lease liabilities at initial recognition, and also over the lease terms under paragraph 22(c) of HKAS 12.

The Group has applied the transitional provisions under paragraphs 98K and 98L of Amendments to HKAS 12 to leasing transactions that occur on or after the beginning of the earliest comparative period presented and also, at the beginning of the earliest comparative period presented by:

- (i) Recognising a deferred tax asset to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, and a deferred tax liability for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities; and
- (ii) Recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Based on the management's assessment, there was immaterial impact on the condensed consolidated statement of financial position as at 1 January 2022, 31 December 2022 and 30 June 2023, because the deferred tax assets and the deferred tax liabilities recognised as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of HKAS 12. There was also immaterial impact on the opening retained profits as at 1 January 2022 as a result of the change. The key impact for the Group relates to disclosure of the deferred tax assets and liabilities recognised. This disclosure will be provided in the annual financial statements.

The change in accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2023.

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted. The Group has not early adopted any of the forthcoming new or amended standard in preparing these condensed consolidated interim financial statements.

### 3. REVENUE

Revenue recognised during the period is as follows:

	<b>Six months ended 30 June 2023 (Unaudited) HK\$'000</b>	Six months ended 30 June 2022 (Unaudited) HK\$'000
Interest income	245	—
Dividend income	108	43
	<b>353</b>	<b>43</b>

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$58,186,000 (2022: HK\$49,347,000). The realised gains and unrealised losses (2022: realised losses and unrealized gains) on financial assets at fair value through profit or loss for the six months ended 30 June 2023 were approximately HK\$3,806,000 (2022: realized losses HK\$10,517,000) and HK\$6,182,000 (2022: unrealized gains HK\$1,387,000) 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 2022 and 30 June 2023, 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

	<b>Six months ended 30 June 2023 (Unaudited) HK\$’000</b>	Six months ended 30 June 2022 (Unaudited) HK\$’000
Government Grants	14	16
Broker Commission Rebated	6	—
	<b>20</b>	<b>16</b>

## 6. LOSS BEFORE INCOME TAX

	<b>Six months ended 30 June 2023 (Unaudited) HK\$'000</b>	Six months ended 30 June 2022 (Unaudited) HK\$'000
Loss before income tax is arrived at after charging:		
Depreciation charges on right-of-use assets	—	129
Depreciation charges on property, plant and equipment	<b>1</b>	4
Staff costs (excluding directors' remuneration)		
Wages	<b>397</b>	428
Retirement benefits scheme contributions	<b>16</b>	18
	<u><b>397</b></u>	<u>428</u>

## 7. 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 2023 (2022: Nil).

At 30 June 2023, the Group had unused tax losses of approximately HK\$361,936,000 (31 December 2022: HK\$363,390,000) 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 2022: Nil).

## 8. 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\$3,618,000 (2022: HK\$11,055,000) and on the weighted average number of shares 173,448,741 shares (2022 (re-presented): 173,448,741 shares).

### Diluted loss per share

As the Company did not have any dilutive potential ordinary shares for the six months ended 30 June 2023 and 2022. Diluted loss per share were the same as the basic loss per share for the six months ended 30 June 2023 and 2022.

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

The calculation of net asset value per share is based on the net assets of approximately HK\$64,519,000 (31 December 2022: HK\$68,137,000) and 173,448,741 (31 December 2022: 173,448,741) ordinary shares in issue as at 30 June 2023. The net asset value per share as at 30 June 2023 is approximately HK cents 37.20 (31 December 2022: HK cents 39.28).

## **10. INTERIM DIVIDEND**

The Board resolved not to declare the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW AND FUTURE PROSPECTS

During the six months ended 30 June 2023, 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.

Hong Kong stock market continue to be sluggish with lacklustre turnover figures during the first 6 months of 2023, and in fact turn out to be one of the worst performing financial markets in worldwide in the first half. Hang Seng Index (“**HSI**”) did start off the year with a substantial rally that saw the index surge nearly 3000 points in less than a month to reach intraday high of around 22,700 level. At the beginning of the year, market had shown optimism that mainland economy may rebound at an astounding rate after the full relaxation of COVID lock down measures that had been in place on and off for the past 3 years. Nonetheless, the rally was rather short lived and since then it had been pretty much downhill for the rest of first half, with initial sell off activities triggered by sluggish Chinese New Year holiday retail sales figures and the ever evolving but strain Sino-US relationships. Investors worries toward mainland sluggish economy, combine with weakness in Japanese Yen currency against US dollar, had also prompted funds outflow to other Asian stock markets such as Japan, where Nikkei 225 index benefit from massive buying and experienced their highest capital inflow in a decade or so, which prompted the index to skyrocket 27.2%. Meanwhile in the United States, despite the continuous rate hike as well as the banking crisis involving Silicon Valley Bank, investors bullishness toward US big name tech stocks had driven many of these counters to reach historical high levels and prompted index like S&P500 index to rise 15.9% during the first half. For the first six months, HSI dropped 4.4% to close at 18,916 while Hang Seng Tech index fell 5.3% to 3,911. The Group recorded a net fair value losses on listed investments of approximately HK\$2,376,000 for the six months ended 30 June 2023.

Looking ahead for the rest of 2023, performance of China economy will be the most important factor in dedicating local market performances as any signs of rebounding growth will be viewed by investors in possibly getting back to invest into Hong Kong and China market. Measures implement by Chinese government to revive mainland property industry, a sector that always touted to be too big to fail, will continue to be closely monitor by the investment community. Another potential beneficial factor to the market for the second half will be possible signals that may indicate interest rate uptrend cycle is coming to an end. Our group financial position remains healthy and as usual, we will constantly monitor the market changes and explore listed and unlisted investment opportunities in aim to enhance investment return for shareholders of the Company. On behalf of the Board, allow me to express our sincere appreciation to the shareholders for their continuous support.

## **FINANCIAL RESULTS**

For the six months ended 30 June 2023, the Group recorded a loss of approximately HK\$3,618,000 (2022: HK\$11,055,000), which was mainly attributable to the net loss (realised gains 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 2023. As at 30 June 2023, the total fair value of the Group's investments was approximately HK\$46,612,000 (as at 31 December 2022: HK\$45,913,000).

The gross proceeds from trading of listed equity securities for the period amounted to approximately HK\$58,186,000 (2022: HK\$49,347,000). The realised gains and unrealised losses on financial assets at fair value through profit or loss for the six months ended 30 June 2023 is approximately HK\$3,806,000 (2022: realized losses HK\$10,517,000) and HK\$6,182,000 (2022: unrealized gains HK\$1,387,000) respectively.

## EQUITY INVESTMENTS

As at 30 June 2023, the Group held financial assets at fair value through profit or loss of approximately HK\$46,612,000. Listed below are the particulars of the Group's major listed securities:

Stock Code	Name of investees	As at 30 June 2023		For the six months ended 30 June 2023									
		Number of shares ('000)	Approximate percentage of interest held	Cost (HK\$ '000)	Market prices (HK\$)	Market value/fair value (HK\$ '000)	Approximate percentage of investment attributable to the Group's net assets	Dividend received (HK\$ '000)	Dividend cover	Sales proceeds (HK\$ '000)	Realised gain/(loss) (HK\$ '000)	Unrealised gain/(loss) (HK\$ '000)	Fair value gain/(loss) (HK\$ '000)
a)	1372 CHINA CARBON NEUTRAL DEVELOPMENT GROUP LTD. ("China Carbon")	4,700	1.05%	14,972	1,790	8,413	13.04%	-	N/A	-	-	(3,243)	(3,243)
b)	2130 CN LOGISTICS INTERNATIONAL HOLDINGS LIMITED ("CN Logistics")	1,009	less than 1%	8,084	7,900	7,971	12.36%	-	1.40	-	-	(113)	(113)
c)	8268 SMART CITY DEVELOPMENT HOLDINGS LIMITED ("Smart City")	9,952	4.15%	8,001	0,450	4,478	6.94%	-	N/A	-	-	(3,185)	(3,185)
d)	1082 BRADAVERSE EDUCATION (INT'L) INVESTMENTS GROUP LIMITED ("Bradaverse Education")	2,400	less than 1%	3,991	1,740	4,176	6.47%	-	N/A	-	-	(96)	(96)
e)	1715 VOLCANO SPRING INTERNATIONAL HOLDINGS LIMITED ("Volcano Spring")	29,900	1.79%	4,967	0.117	3,498	5.42%	-	N/A	626	(26)	768	742
f)	8425 HING MING HOLDINGS LIMITED ("Hing Ming")	16,328	4.34%	18,099	0.200	3,266	5.06%	-	N/A	-	-	(735)	(735)
g)	1943 SILVER TIDE HOLDINGS LIMITED ("Silver Tide")	5,000	less than 1%	5,410	0,640	3,200	4.96%	-	N/A	-	-	(1,500)	(1,500)
h)	2800 TRACKER FUND OF HONG KONG ("Tracker HK")	100	less than 1%	2,279	19,250	1,925	2.98%	10	N/A	-	-	(67)	(67)
i)	2638 HK ELECTRIC INVESTMENTS AND HK ELECTRIC INVESTMENTS LIMITED ("HK Electric")	350	less than 1%	1,745	4,690	1,642	2.54%	-	1.04	-	-	(104)	(104)
j)	1299 AIA GROUP LIMITED ("AIA")	19	less than 1%	1,539	79,100	1,503	2.33%	22	0.1	269	30	(173)	(143)
k)	Other listed investments	N/A	N/A	7,387	N/A	6,540	10.14%	64	N/A	6,844	(44)	(510)	(554)
	Total	N/A	N/A	76,474	N/A	46,612	72.24%	96	N/A	7,739	(40)	(8,958)	(8,998)

The net fair value losses on listed investments amounted to approximately HK\$2,376,000 for the six months ended 30 June 2023.

For the listed investments held as at 30 June 2023, the net fair value losses attributable to realised losses and unrealised losses were approximately HK\$40,000 and HK\$8,958,000 respectively. For those listed investments held but were sold during the six months ended 30 June 2023, the net fair value gains attributable to realised gains and unrealised gains were approximately HK\$3,846,000 and HK\$2,776,000. The Group had no unlisted investment during the six months ended 30 June 2023.

**a) China Carbon**

China Carbon Neutral Development Group Limited is principally engaged in global carbon neutral business, civil engineering and construction business as well as carbon asset management business. The audited consolidated loss attributable to owners of China Carbon for the year ended 31 December 2022 was approximately HK\$197,471,000. As at 31 December 2022, the audited consolidated net deficit value attributable to owners of China Carbon was HK\$49,146,000.

The Investment Committee of the Company (the “**Investment Committee**”) noted that China Carbon 2022 results experienced greater losses because of absence of one time gain as well as decrease in mark to market gain. In addition, their global carbon business remains at a massive investment stage and therefore return to their investments have yet to be reflected in their financial accounts.

The Investment Committee considered recent fund-raising activities completed in April will strengthen their financial positions and should be beneficial to them in expanding Carbon neutral business.

**b) CN Logistics**

CN Logistics is principally engaged in the provision of comprehensive logistics services, comprising air freight forwarding services, distribution and logistics services as well as ocean freight forwarding services, with a primary focus on high end fashion (including luxury and affordable luxury) and fine wine products. The consolidated profit attributable to owners of CN Logistics for the year ended 31 December 2022 was approximately HK\$86,632,000. As at 31 December 2022, the audited consolidated net asset value attributable to owners of CN Logistics was HK\$352,271,000.

The Investment Committee noted that CN Logistics financial results continue to grow steadily over the past few years and despite the challenge and disruption in supply chains caused by COVID-19, the company still able to achieve modest growth in revenue in 2022 and demonstrated their management skills in managing during difficult business operating environment.

The Investment Committee considered that CN Logistics leading logistics solution provider status in the industry will allow the company to expand with the complete relaxation of on travel restriction and the reopening of border. In addition, their self developed eCommerce platform could provide exponential return to the company in a few years time.

**c) Smart City**

Smart City is principally engaged in the activities of construction business, as a main contractor and fitting out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, Mainland China and Macau, and other construction related businesses. Their other business include investment in securities, property investment as well as money lending. The audited consolidated loss attributable to owners of Smart City for the year ended 31 March 2023 was approximately HK\$10,975,000. As at 31 March 2023, the audited consolidated net asset value attributable to owners of Smart City was approximately HK\$150,941,000.

The Investment Committee noted that Smart City turn in with a loss for the year 2023 result, as the difficult operating environment for its core business of construction related business suffer and generated loss at the operating level compared to profit in 2022 figures.

The Investment Committee believed that with the economic environment of China and Hong Kong are recovering and improving in 2023 and promotion by HK government in the adoption of modular integrated construction method should allow the company to attractive more business opportunities given its long-established relationship with customers and subcontractors.

**d) Bradaverse Education**

Bradaverse Education is principally engaged in the provision of private educational services, which include primary tutoring services, skill course and test preparation courses, secondary tutoring services and English language training and test preparation courses. The audited consolidated loss attributable to owners of Bradaverse Education for the year ended 30 June 2022 was approximately HK\$32,892,000. As at 30 June 2022, the audited consolidated net asset value attributable to owners of Bradaverse Education was approximately HK\$145,801,000.

The Investment Committee noticed that the losses were mainly attributable to one time events such as one off equity settled share-based transaction, as well as impairment losses on investment and receivables.

The Investment Committee believed that with the complete easing of COVID-19 lockdown measures, in person tutoring businesses in Hong Kong should enjoy a substantial rebound over the past few years level and should be beneficial to Bradaverse Education. Their acquisition of new business segment of virtual reality business should complement their core operation as well with younger generation more adapt to the online VR scope of tutoring and related entertainment.

**e) Volcano Spring**

Volcano Spring is principally engaged in developing, manufacturing and selling premium kitchen appliances in the PRC. The audited consolidated loss attributable to owners of Volcano Spring for the year ended 31 December 2022 was approximately Renminbi (“RMB”) 43,213,000. As at 31 December 2022, the audited consolidated net asset value attributable to owners of Volcano Spring was approximately RMB80,363,000.

The Investment Committee noted that Volcano Spring businesses suffer during 2022 due to new waves of COVID-19 in China that led to lockdown measures being implemented in Shanghai, where the company’s principal businesses operations are located.

The Investment Committee hoped that with the complete reopen of China’s economy this year, the company’s business will resume growth and return to profitability at some point. In addition, recent name change of the company and their intention to expand into natural spring water business may have great development potential, which hopefully provide a new source of income.

**f) 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 2023 was approximately HK\$2,369,000. As at 31 March 2023, the audited consolidated net asset value attributable to owners of Hing Ming was approximately HK\$117,460,000.

The Investment Committee noted that the revenue of Hing Ming increased mainly due to the increase in income generated from new tower cranes and the occupancy rate increased on existing tower cranes.

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

**g) Silver Tide**

Silver Tide is principally engaged in providing construction services, including traditional formwork using timber and plywood, system formwork using aluminium and steel, ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong and business of securities dealing and broking. The audited consolidated profit attributable to owners of Silver Tide for the year ended 31 March 2023 was approximately HK\$4,967,000. As at 31 March 2023, the audited consolidated net asset value attributable to owners of Silver Tide was approximately HK\$216,109,000.

The Investment Committee noticed Silver Tide revenue increased due to business from previous year projects that have achieved significant process in the financial year. Similarly the company's gross profit improved due to decrease in material and consumables costs from fewer usage of construction materials and consumables, as well as decrease in the subcontracting charges due to the effectiveness of project management on certain projects commenced.

The Investment Committee believe the company's optimism toward current HKSAR government vision and determination to increase land supply in medium to long term that should provide ample opportunities for the group is valid, as Silver Tide should be able to select projects prudently and future profitability will strive on how efficient they can improve their operating efficiency.

**h) Tracker HK**

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

The Investment Committee noted that HSI continued its downtrend in first half of 2023 and Tracker HK is the most cost-efficient vehicle for the Company to gain exposure in the Hong Kong blue chip sector.

As a result, the Investment Committee believe our holdings in Tracker HK will be beneficial to the Company results in second half of 2023 if HSI enjoyed up-swing for the remainder of this year and also a good way of diversifying our portfolio of investments.

**i) HK Electric**

HK Electric Investments is a fixed single investment trust in Hong Kong focusing purely on the energy sector. Its main operating company, HK Electric, is a power utility responsible for the generation, transmission, distribution and supply of electricity to about 586,000 customers in Hong Kong. The consolidated profit attributable to owners of HK Electric for the year ended 31 December 2022 was approximately HK\$2,954 million. As at 31 December 2022, the audited consolidated net asset value attributable to owners of HK Electric was HK\$49,333 million.

The Investment Committee noted that HK Electric EBITDA as well as net profit pretty much stayed the same for the year 2022, which is quite remarkable despite slower demand from certain business sector due to COVID-19. Total distribution to the unit holder also stayed the same for the year.

The Investment Committee believes that HK Electric is one of the most stable utility sector in Hong Kong stock market and provide steady yield to its shareholders, and our exposure in this will provide diversification to our overall portfolio in the long run.

**j) AIA**

AIA is the largest independent publicly listed pan-Asian life insurance group with a presence in 18 markets across Asia, including the mainland of China, Hong Kong, Singapore, Thailand etc, serving the holders of over 40 million individual policies and 17 million members of Group insurance schemes. The audited consolidated profit attributable to owners of AIA for the year ended 31 December 2022 was approximately US Dollars (“US\$”) 282 million. As at 31 December 2022, the audited consolidated net asset value attributable to owners of AIA was approximately US\$38,096 million.

The Investment Committee noted that despite of the adverse impact from COVID-19, AIA delivered resilient performance in 2022 and its value of new business grew by 6% in the second half of the year while all five of their operating segments delivered positive year on year growth over previous year figures.

The investment Committee considered that besides AIA steady operating performance over the years, its US 10 billion buy back program will also provide support to its share price in general as well as enhance shareholder return in the long run. We will view AIA as one of the core holdings in our portfolio.



## LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 30 June 2023, the Group maintained bank and cash balances of approximately HK\$18,041,000 (31 December 2022: HK\$22,933,000) which were mainly denominated in Hong Kong dollars. The Group will monitor the exposure and take prudent measures when necessary.

As at 30 June 2023 and 31 December 2022, the Company did not have any interest-bearing liabilities, and therefore the Company did not have any gearing ratio which represents the ratio of the Group's total interest-bearing liabilities to the total equity of the Group.

As at 30 June 2023, the Group had net assets of approximately HK\$64,519,000 (31 December 2022: HK\$68,137,000). The Group had no borrowings or long-term liabilities as at 30 June 2023 and 31 December 2022.

## CAPITAL STRUCTURE

As at 30 June 2023, the Company's total number of issued shares was 173,448,741 (31 December 2022: 173,448,741 shares) at HK\$0.04 each.

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

- (i) the Capital Reduction involving the reduction of the par value of each issued share from HK\$0.20 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$0.19 per issued share so that following such reduction, each issued share with a par value of HK\$0.01 in the share capital of the Company shall become one new share; and
- (ii) the Share Premium Reduction involving the reduction of the amount standing to the credit of the Share Premium Account. The credit arising from the Capital Reduction and the Share Premium Reduction will be applied towards offsetting the Accumulated Losses as at the effective date of the Capital Reduction, thereby reducing the Accumulated Losses. The balance of the credit (if any) of the Share Premium Account after offsetting the Accumulated Losses may be applied by the Company in any manner as permitted by all applicable laws and the memorandum and articles of association of the Company.

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

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

On 19 September 2022, 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 19 September 2022 to consider the ordinary resolution to be proposed to approve the Share Consolidation and Rights Issue. The Board announced that all the conditions precedent to the Share Consolidation have been fulfilled and the Share Consolidation became effective on 21 September 2022 and the Company issued 115,632,494 Consolidated Shares on 27 October 2022. For details of the Rights Issue, please make reference to the announcement of the Company dated 26 October 2022 and the Rights Issue prospectus issued and published by the Company on 3 October 2022.

## **USE OF PROCEEDS FROM RIGHT ISSUE**

The gross proceeds raised from the Rights Issue are approximately HK\$43.9 million and the net proceeds from the Rights Issue after expenses are approximately HK\$42.1 million. The Company applied HK\$39.5 million, being the approximately 93.8% of the net proceeds, for investment in listed securities and unlisted securities, and approximately HK\$2.6 million, being approximately 6.2% of the net proceeds, for general working capital of the Company, such as administrative and other expenses, including but not limited to office rent, salaries and allowances and legal and professional fees.

## **Events After The Reporting Period**

The realised losses and unrealised losses on financial assets at fair value through profit or loss from changes in fair value on financial assets at fair value through profit or loss held as at 30 June 2023 to the date of approval of this interim results were amounted to approximately HK\$53,000 and HK\$3,308,000 respectively.

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

## **EMPLOYEES**

As at 30 June 2023, the Group had 3 employees. Total salaries (excluding directors' remuneration) for the six months ended 30 June 2023 was approximately HK\$397,000 (2022: HK\$428,000).

## **CHARGES ON GROUP'S ASSETS**

As at 30 June 2023 and 31 December 2022, there were no charges on the Group's assets.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, no contingent liabilities were noted by the Directors of the Company (31 December 2022: nil).

## **SIGNIFICANT INVESTMENTS**

As at 30 June 2023, 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 2023 (2022: nil).

## **DIRECTORS' INTERESTS IN SHARES**

As at 30 June 2023, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares (as defined in the Securities and Futures Ordinance (the "SFO")) and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2023, according to the information publicly disclosed, persons who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO, are set out below:

Name of shareholders	Type of interests	Position	Number of ordinary shares held	Approximate percentage of the Company's total number of issued shares
Mr. Lam Shu Chung ("Mr. Lam")	Beneficial owner	Long	46,203,360	26.64%
Ms. Choi Hing Lin Lori ("Ms. Choi") (Note 1)	Interest of spouse	Long	46,203,360	26.64%

Note:

1. Ms. Choi is the spouse of Mr. Lam. Accordingly, Ms. Choi is deemed or taken to be interested in all the shares in which Mr. Lam is interested in for the purpose of the SFO.

## 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 2023.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2023.

## 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 2023, the Company was in compliance with the code provisions set out in the CG Code.

In the opinion of the Directors, the Company was in compliance with the code provisions set out in the CG Code during the six months ended 30 June 2023.

## **AUDIT COMMITTEE**

The Company's audit committee (the "**Audit Committee**") was established with written terms of reference in compliance with the Listing Rules to review and provide supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hui Yat On (chairman of the Audit Committee), Mr. Lam Wai Tsin and Mr. Chan Pak Lam, Tom. The Audit Committee has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2023.

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

Hong Kong, 18 August 2023

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