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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 2024

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 subsidiary (collectively refer to as the “**Group**”) for the year ended 31 December 2024 together with the relevant comparative figures.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	1,150	758
Net gain/(loss) on financial assets at fair value through profit or loss		885	(4,951)
Other income	5	6	22
		2,041	(4,171)
Administrative expenses		(4,052)	(3,781)
Loss from operations		(2,011)	(7,952)
Finance costs	6	(24)	(15)
Loss before tax		(2,035)	(7,967)
Income tax expense	7	–	–
Loss for the year attributable to owners of the Company	8	(2,035)	(7,967)

* *For identification purposes only*

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year attributable to owners of the Company		<u>(2,035)</u>	<u>(7,967)</u>
Loss per share	<i>10</i>		
Basic (HK cents per share)		<u>(0.62)</u>	<u>(4.40)</u>
Diluted (HK cents per share)		<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		–	–
Right-of-use assets		–	–
Refundable rental deposit		60	60
		60	60
Current assets			
Financial assets at fair value through profit or loss		74,940	58,951
Deposits and other receivable		26	446
Cash and cash equivalents		3,374	1,179
		78,340	60,576
Current liabilities			
Accruals		393	373
Lease liabilities		272	93
		665	466
Net current assets		77,675	60,110
Total assets less current liabilities		77,735	60,170
Non-current liabilities			
Lease liabilities		96	–
NET ASSETS		77,639	60,170
Capital and reserves attributable to owners of the Company			
Share capital		13,876	6,938
Reserves		63,763	53,232
TOTAL EQUITY		77,639	60,170
Net asset value per share (HK cents per share)	<i>11</i>	23.48	33.23

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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company and its subsidiary (collectively referred to the "**Group**") are 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 2024 were approved for issue by the Board on 28 February 2025.

2. BASIS OF PREPARATION

The 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. The 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 for the current accounting period of the Group. The adoption of these new and revised HKFRSs did not have any material financial impact on the Group.

3. ADOPTION OF NEW AND REVISED HKFRSs

(a) Application of new and revised HKFRSs

The Group has applied the following amendments to HKFRSs and interpretation issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 ("HK Int 5") (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) **Revised HKFRSs in issue but not yet effective**

Up to the date of issue of the annual result announcement, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2024 and which have not been adopted in the financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKAS 21 and HKFRS 1 - Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
HKFRS 18 - Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 - Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HK Int 5 - Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

The directors of the Company are in the process of making an assessment of what the impacts of these new standards, amendments to standards and interpretation are 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income on bank deposits	51	239
Interest income from bonds	167	46
Dividend income	932	473
	<u>1,150</u>	<u>758</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 gain/(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\$188,049,000 (2023: HK\$99,688,000).

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

For both years ended 31 December 2024 and 2023, the Group has identified only one segment and the sole business of this segment is investments in listed securities. No separate analysis of segment information by business segment is presented.

The Group’s revenue from the Group’s investments in listed securities by geographical areas are not presented as the geographical segments other than Hong Kong are less than 10% of the aggregate amount of the Group’s total revenue.

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Government grants	–	14
Rebates	6	8
	<u>6</u>	<u>22</u>

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest expense on lease liabilities	<u>24</u>	<u>15</u>

7. INCOME TAX EXPENSE

The Group is not subject to any taxation under the jurisdictions of the Cayman Islands during the year (2023: 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 (2023: 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	<u>(2,035)</u>	<u>(7,967)</u>
Tax at the Hong Kong Profits Tax rate of 16.5% (2023: 16.5%)	(336)	(1,315)
Tax effect of income that is not taxable	(342)	(580)
Tax effect of expenses that are not deductible	250	50
Tax effect of temporary differences not recognised	45	(3)
Tax effect of tax losses not recognised	<u>383</u>	<u>1,848</u>
Income tax expense	<u>–</u>	<u>–</u>

At the end of the reporting period the Group has unused tax losses of approximately HK\$377,395,000 (2023: HK\$375,075,000) 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 the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Auditor's remuneration – audit services	393	381
Depreciation of property, plant and equipment	4	3
Depreciation of right-of-use assets	179	–
Net foreign exchange loss	70	71
Investment management fee	167	400
Impairment on:		
– Property, plant and equipment (included in administrative expenses)	23	14
– Right-of-use assets (included in administrative expenses)	359	–
Employee benefits expenses (including directors' emoluments)	<u>1,860</u>	<u>1,829</u>

9. DIVIDENDS

The Directors do not recommend any payment of dividends for the year ended 31 December 2024 (2023: 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\$2,035,000 (2023: HK\$7,967,000) and on the weighted average number of ordinary shares of 330,710,211 (2023: 181,050,080) in issue during the year.

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 2024 of approximately HK\$77,639,000 (2023: HK\$60,170,000) and the number of ordinary shares of 330,710,211 in issue as at that date (2023: 181,050,080).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Last year, the Hong Kong stock market finally delivered encouraging and promising performance after the dismal showings of 2022 and 2023. However, throughout the year, it continued to experience fluctuations and faced headwinds in the form of geopolitical tensions, regulatory challenges, and macroeconomic pressures, which posed both challenges and opportunities for investors. The Hang Seng Index (“HSI”) broke the 14,800 level in January 2024 due to a sustained sell-off and liquidity crunch, as well as ongoing tensions between the US and China regarding trade, technology, and finance. Subsequently in the second quarter, the HSI staged a mini rally of over 3,000 points, driven by the Chinese government’s policies aimed at economic stimulation and growth, as well as guidelines to boost the capital market. Despite this rally, sector rotation remained a strong theme, with selective tech and healthcare stocks attracting institutional and retail buying interest, while traditional sectors such as Hong Kong and mainland property developers, continued to underperform the market due to their respective challenges and headwinds. Overall, the HSI struggled to break out of a range as investor sentiment remained cautious due to external uncertainties. Investor confidence was fragile, influenced by geopolitical developments and mixed economic signals.

The tech-heavy composition of the HSI staged a significant rally of about 6,000 points within a one-month period from September to October 2024. China launched targeted stimulus measures aimed at boosting domestic consumption, supporting property markets, and enhancing infrastructure spending, sparking hopes for stabilisation and recovery in the mainland economy. Consequently, investors flocked to the mainland and Hong Kong markets, with large tech companies and mainland financial stocks experiencing the biggest gains during the rally. The Hong Kong market’s turnover reached a record high of HK\$620 billion on October 8, and the average daily turnover for September and October also saw year-on-year growth of 87% and 224% respectively. However, the market experienced a quick and steep correction soon after with turnover gradually declining, leaving some investors trapped at the peak of the rally. Nonetheless, 2024 was a good year for the Hong Kong market, with the HSI rising 17.7% to close at 20,059, while the Hang Seng Tech Index rose 18.7% to close at 4,468 for the year. However, such gains remained lower than the 23.3% rise in S&P500 and 19.2% gain in Nikkei 225 indices respectively. The Group recorded net fair value gains on listed investments of approximately HK\$885,000 for the year ended 31 December 2024.

Prospects

The ever-changing Sino-US relationship will continue to be a significant factor moving forward especially with Trump taking a second term in office, affecting a wide range of sectors including tech and other industries sensitive to trade relations. Ongoing geopolitical risks, including Trump launching tariff measures against Canada and Mexico, and to a slightly lesser extent toward China, have created a significant cloud of uncertainty in the global financial market. However, we believe that the adverse impact on China has largely been discounted by the market.

As China continues to implement fiscal stimulus policies and easing measures to revive and stimulate economic growth, along with the government's efforts to tackle structural issues such as the real estate crisis, we believe the Hong Kong stock market is poised for further recovery for the rest of the year, with international investors reallocating funds back to the mainland and Hong Kong markets. We will continue to monitor and navigate these complexities carefully, keeping an eye on the evolving regulatory landscape and China's economic policies. The Group will continue to identify suitable listed and unlisted investment opportunities to optimise the investment portfolio and implement its risk management policy to achieve satisfactory returns for the shareholders.

FINANCIAL REVIEW

As at 31 December 2024, the carrying value of the Group's listed investments was approximately HK\$74,940,000 (2023: HK\$58,951,000) while carrying value of the Group's unlisted investment was nil (2023: nil).

The Group recorded sales proceeds from disposals of trading listed securities of approximately HK\$188,049,000 (2023: HK\$99,688,000) for the year ended 31 December 2024. The realised gains and unrealised losses (2023: the realised losses and unrealised gains) on financial assets at FVTPL for the year ended 31 December 2024 were approximately HK\$2,136,000 (2023: HK\$7,165,000) and HK\$1,251,000 (2023: HK\$2,214,000) respectively. Loss for the year was approximately HK\$2,035,000 (2023: HK\$7,967,000) which was mainly attributable to the operating expenses and listed investments gains.

MAJOR INVESTMENTS

As at 31 December 2024, the Group held financial assets at FVTPL of approximately HK\$74,940,000. Listed below are the particulars of the Group's major listed securities:

Stock Code	Name of investees	Number of shares ('000)	Approximate percentage of interest held	As at 31 December 2024				For the year ended 31 December 2024						
				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) 8268	SMART CITY DEVELOPMENT HOLDINGS LIMITED ("SMART CITY")	9,952	3.46%	8,001	1.08	10,748	13.84%	-	N/A	-	-	6,420	6,420	
b) 4252	HK GREEN BOND 2505 ("HKGB RGB 2505")	100	N/A	9,909	99.30	9,930	12.79%	N/A	N/A	6,922	18	22	40	
c) 4273	HK GREEN BOND 2610 ("HKGB RGB 2610")	96	N/A	9,957	102.15	9,806	12.63%	N/A	N/A	2,787	(1)	(151)	(152)	
d) 4286	HK INFRASTRUCTURE BOND 2712 ("HKGB RIB 2712")	45	N/A	4,512	100.30	4,514	5.81%	N/A	N/A	-	-	2	2	
e) 1082	BRADAVERSE EDUCATION (INT'L) INVESTMENTS GROUP LIMITED ("BRADAVERSE EDUCATION")	2,400	less than 1%	3,991	1.78	4,272	5.5%	-	N/A	-	-	576	576	
f) VEEA	VEEA INC. ("VEEA INC.")	120	less than 1%	3,911	3.81	3,557	4.58%	-	N/A	-	-	(354)	(354)	
g) 388	HONG KONG EXCHANGES AND CLEARING LTD. ("HKEX")	11	less than 1%	3,448	294.80	3,243	4.18%	67	1.72	710	113	202	315	
h) 3788	CHINA HANKING HOLDINGS LIMITED ("CHINA HANKING")	3,800	less than 1%	2,753	0.77	2,926	3.77%	152	3.65	-	-	(114)	(114)	
i) BRK B	BERKSHIRE HATHAWAY INC-CL B ("BERKSHIRE HATHAWAY INC.")	0.7	less than 1%	2,488	453.28	2,469	3.18%	-	N/A	4,595	162	(15)	147	
j) 2628	CHINA LIFE INSURANCE CO. LTD. ("CHINA LIFE")	160	less than 1%	2,912	14.68	2,349	3.03%	31	6.75	2,452	241	(563)	(322)	
k) MSFT	MICROSOFT CORPORATION ("MICROSOFT Corp")	0.7	less than 1%	2,412	421.50	2,295	2.96%	2	3.91	4,558	75	(132)	(57)	
l)	OTHER LISTED INVESTMENTS	N/A	N/A	43,364	N/A	18,831	24.25%	680	N/A	166,025	1,528	(7,144)	(5,616)	
Total						97,658	74,940	96.52%	932		188,049	2,136	(1,251)	885

The realised and unrealised gains on listed investments totalled approximately HK\$885,000 for the year ended 31 December 2024.

For the listed investments held as at 31 December 2024, the realised gains and unrealised gains were approximately HK\$974,000 and HK\$790,000 respectively. For those listed investments held but were sold during the year ended 31 December 2024, the realised gains and unrealised losses were approximately HK\$1,162,000 and HK\$2,041,000 respectively.

(a) 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 and Macau, and other construction related businesses. Their other business includes investment in securities, property investment as well as money lending. The unaudited consolidated loss attributable to owners of Smart City for the six months ended 30 September 2024 was approximately HK\$8,782,000. As at 30 September 2024, the unaudited consolidated net asset value attributable to owners of Smart City was approximately HK\$135,350,000.

The Investment Committee of the Company (the “**Investment Committee**”) noted that while the revenue of Smart City grew significantly due to the recognition of revenue for main contractor works on proposed residential redevelopment sites in some areas, their gross profit margin continued to suffer. This was primarily attributed to lower contract prices resulting from intensified market competition and higher labor costs stemming from a shortage of skilled labor in the construction segment.

The Investment Committee believed that despite the remaining uncertain economic environment in the Greater China region throughout the year, Smart City’s proven track record and their numerous licenses, permits, and qualifications would enable them to continue securing government contracts in the foreseeable future.

(b) HKGB RGB 2505

HKGB RGB 2505 is a retail green bond issued by The Government of the Hong Kong Special Administrative Region of the People’s Republic of China, with the maturity date of 19 May 2025. It pays interest every 6 months and the coupon rate is based on the higher of (i) the floating rate, being the arithmetic average of the year-on-year rates of change in the Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government based on the results of the most recent Household Expenditure Survey at the relevant interest determination date (currently being the 2019/20-based Composite Consumer Price Index) for the 6 most recent preceding months, rounded to the nearest two decimal places; and (ii) the fixed rate of 2.50%.

The Investment Committee believed that investing in the green bond is a very effective way to diversify our portfolio. The effective interest rate return is comparable to, if not more favorable than, fixed deposit rates in Hong Kong. Moreover, the instrument is listed and tradable with respectable liquidity, permitting us the option to adjust our holdings depending on the situation within the equities and bond markets.

(c) HKGB RGB 2610

HKGB RGB 2610 is a retail green bond issued by The Government of the Hong Kong Special Administrative Region of the People's Republic of China, with the maturity date of 12 October 2026. It pays interest every 6 months and the coupon rate is based on the higher of (i) the floating rate, being the arithmetic average of the year-on-year rates of change in the Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government based on the results of the most recent Household Expenditure Survey at the relevant interest determination date (currently being the 2019/20-based Composite Consumer Price Index) for the 6 most recent preceding months, rounded to the nearest two decimal places; and (ii) the fixed rate of 4.75%.

The Investment Committee believed that investing in the green bond is a very effective way to diversify our portfolio. The effective interest rate return is comparable to, if not more favorable than, fixed deposit rates in Hong Kong. Moreover, the instrument is listed and tradable with respectable liquidity, permitting us the option to adjust our holdings depending on the situation within the equities and bond markets.

(d) HKGB RIB 2712

HKGB RIB 2712 is a retail infrastructure bond issued by The Government of the Hong Kong Special Administrative Region of the People's Republic of China, with the maturity date of 17 December 2027. It pays interest every 6 months and the coupon rate is based on the higher of (i) the floating rate, being the arithmetic average of the year-on-year rates of change in the Composite Consumer Price Index compiled and published by the Census and Statistics Department of HKSAR Government based on the results of the most recent Household Expenditure Survey at the relevant interest determination date (currently being the 2019/20-based Composite Consumer Price Index) for the 6 most recent preceding months, rounded to the nearest two decimal places; and (ii) the fixed rate of 3.50%.

The Investment Committee believed that while the latest retail infrastructure bond offering by the HKSAR Government offers a slightly lower coupon rate than the previous issue, it is still an attractive, essentially risk-free investment during an uncertain investment environment and offers the Group flexibility in reshuffling its portfolio should suitable opportunities arise.

(e) 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 2024 was approximately HK\$27,558,000. As at 30 June 2024, the audited consolidated net asset value attributable to owners of Bradaverse Education was approximately HK\$104,630,000.

The Investment Committee noticed that Bradaverse core business of provision of private educational service has contributed a positive gross profit level though their investment in securities section continue to record loss in fair value changes due to the bearish sentiment in Hong Kong and global stock market.

The Investment Committee concurred with Bradaverse Education view that with the application of VR, augmented reality and artificial intelligence to their distinct businesses, students can allocate their study schedules flexibly without geographical and time boundaries. Bradaverse strategy to develop its artificial intelligence and digital education business in China begins to take shape as well with their cooperation agreement with Shenzhen tech company to a framework for collaboration aimed at promoting AI-enabled educational reform and innovation, as well as high-end vocational training business. Such cooperation agreement will assist the Group in expanding its artificial intelligence education business in China.

(f) VEEA Inc.

Veeva Inc. provides computing, multiaccess multiprotocol communications, edge storage, and cybersecurity solutions. Veeva Inc. offers multiaccess edge computing platform that redefines connectivity and computing at the edge by integrating functions of servers, network attached storage, routers, firewalls, Wi-Fi Access Points, IoT gateways, and 4G and 5G connections; and Veeva Edge Platform enables direct connections from the optical fiber, cellular, and satellite networks. It also provides VeevaHub STAX, an edge computing product integrated with wireless access. Veeva Inc. also offers TROLLEE, a smart shopping cart platform. The unaudited consolidated loss attributable to owners of Veeva Inc. for the nine months ended 30 September 2024 was approximately US\$46,620,000. As at 30 September 2024, the unaudited consolidated net liabilities value attributable to owners of Veeva Inc. was approximately US\$8,005,000.

The Investment Committee noticed that Veea has been active in forming strategic partnerships and expanding its market presence, with their announcements of collaborations with DeepGreenX and AECOM, as well as partnerships aimed at enhancing connectivity solutions in various sectors, including agriculture and smart cities. Veea Inc. management target to penetrate new markets by exploring opportunities in healthcare, transportation, and smart infrastructure, leveraging its technology to provide tailored solutions for various industries, could become one of the catalysts for their upcoming price performance ahead.

(g) HKEx

HKEx is one of the world's major exchange groups, and operates a range of equity, commodity, fixed income and currency markets. HKEx is the world's leading IPO market and as Hong Kong's only securities and derivatives exchange and sole operator of its clearing houses, it is uniquely placed to offer regional and international investors access to Asia's most vibrant markets. HKEx is also a global leader in metals futures and options contracts, through its wholly owned subsidiaries, The London Metal Exchange (LME) and LME Clearing Limited. This commodity franchise was further enhanced with the launch of Qianhai Mercantile Exchange, in China, in 2018. The audited consolidated profit attributable to owners of HKEx for the year ended 31 December 2024 was approximately HK\$13,050 million. As at 31 December 2024, the audited consolidated net asset value attributable to owners of HKEx was approximately HK\$53,852 million.

The Investment Committee believed the introduction of new listing rules and mechanisms, such as the dual-class share structure, is expected to encourage more firms such as technology and biotech sector to list on the exchange. Same with the growing trend of Chinese companies seeking to list in Hong Kong, in which HKEx is well-positioned to capture this influx due to its status as a leading international financial hub. With China continues to implement economic reforms and open its markets, HKEx could benefit from increased capital flows and investment opportunities.

(h) China Hanking

China Hanking is principally engaged in the exploration, mining, processing and sale of mineral resources. The Company operates its business through three segments, namely, iron core, high-purity iron and gold. The unaudited consolidated profit attributable to owners of China Hanking for the six months ended 30 June 2024 was approximately RMB107,467,000. As at 30 June 2024, the unaudited consolidated net asset value attributable to owners of China Hanking was RMB1,468,953,000.

The Investment Committee noticed that China Hanking achieved profitability in 2023 due to management's focus on stabilising production, which led to a healthy increase in its annual output of iron. At the same time, they managed to lower the operating costs of the iron core business. China Hanking's resumption of dividend payments was also an encouraging sign for its shareholders.

The Investment Committee believed that the subsequent release of China Hanking's strong interim results confirmed the bullish trend in their core operations, which were also backed by the payout of an interim dividend. In addition, their deal to dispose of their large-scale gold project in North Australia at favorable terms is expected to record a gain of approximately AUD150 million and enable them to deploy the proceeds to help them develop into a sustainable gold-producing company, as well as possibly return part of the gain back to shareholders as dividends in the future.

(i) Berkshire Hathaway Inc.

Berkshire Hathaway Inc. and its subsidiaries are engaged in diverse business activities, including insurance and reinsurance, utilities and energy, freight rail transportation, manufacturing, services, and retailing. However, it is most famous as the flagship investment vehicle run by investment legend Warren Buffett. Its biggest holdings include Bank of America, Apple Inc., Coca-Cola, and Kraft Heinz. The audited consolidated profit attributable to the owners of Berkshire Hathaway Inc. for the year ended 31 December 2024 was approximately US\$88,995 million. As of 31 December 2024, the audited consolidated net asset value attributable to the owners of Berkshire Hathaway Inc. was approximately US\$651,655 million.

The Investment Committee believed that Berkshire Hathaway is one of the more stable investments in the U.S. market, diversified from the higher trading volatility of big tech stocks, given its highly diversified investments across industries, including insurance, energy, railroads, manufacturing, and consumer products. Sitting on an all-time cash pile of roughly US\$334 billion, according to the latest published figures, this conglomerate is extremely well-positioned to invest in undervalued companies with strong fundamentals and long-term growth potential.

(j) China Life

China Life is a leading life insurance company in China and possesses an extensive distribution network comprising exclusive agents, direct sales representatives, and dedicated and non-dedicated agencies. It is one of the largest institutional investors in China and becomes one of the largest insurance asset management companies in China through its controlling shareholding in China Life Asset Management Company Limited. China Life also has controlling shareholding in China Life Pension Company Limited and is a leading provider of life insurance, annuity insurance, health and accident insurance in China. As at the end of the June 2024, China Life had approximately 328 million long-term insurance policies in force. The unaudited consolidated profit attributable to owners of China Life for the six months ended 30 June 2024 was approximately RMB38,278 million. As at 30 June 2024, the unaudited consolidated net asset value attributable to owners of China Life was RMB493,834 million.

The Investment Committee noted that the drop in net profit for China Life in 2023 was to be expected due to the slow and gradual resumption of growth for the mainland economy post-COVID, as well as the challenging investment environment for the year. China Life's 2024 interim results already demonstrate steady improvements, with its market-leading position further solidified and operational efficiency significantly enhanced.

The Investment Committee believed China Life upcoming growth prospect will highly be dependent on the how robust of resumption growth can the mainland economy achieved ahead, which could translate into higher demand for their insurance products.

(k) Microsoft Corp

Microsoft Corp creates platforms and tools powered by artificial intelligence (“AI”) to deliver innovative solutions that meet the evolving needs of customers. It also develops and supports software, services, devices and solutions worldwide. The Productivity and Business Processes segment offers office, exchange, SharePoint, Microsoft Teams, office 365 Security and Compliance, Microsoft viva, and Microsoft 365 copilot; and office consumer services, such as Microsoft 365 consumer subscriptions, Office licensed on-premises, and other office services. The unaudited consolidated profit attributable to owners of Microsoft Corp for the six months ended 31 December 2024 was approximately US\$48,775 million. As at 31 December 2024, the unaudited consolidated net asset value attributable to owners of Microsoft Corp was approximately US\$302,695 million.

The Investment Committee believed Microsoft is one of the core picks in the AI sector, as its prospects are robust, driven by several key initiatives and investments, such as Microsoft's major investment in OpenAI and the integration of AI technology into products like Azure and Microsoft 365. At the same time, Microsoft is positioning itself as a leader in providing AI solutions for enterprises, helping businesses harness the power of AI for operational efficiency and decision-making. Microsoft's AI capabilities should drive significant growth in revenue and market share over the next several years, providing a strong reason for further share price growth ahead.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

As at 31 December 2024, the Group maintained cash and cash equivalents of approximately HK\$3,374,000 (2023: HK\$1,179,000) 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 2024, the Group had net assets of approximately HK\$77,639,000 (2023: HK\$60,170,000), the Group had no borrowings or long-term liabilities except for the lease liabilities.

The Group monitors capital on the basis of the debt-to-equity ratio. This ratio is calculated as total debt divided by shareholders' equity. Total debt comprises borrowings and lease liabilities. Total equity comprises all components of equity. The Group aims to maintain the debt-to-equity ratio at a reasonable level. The debt-to-equity ratio as the end of the reporting period is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease liabilities	<u>368</u>	<u>93</u>
Total debt	<u><u>368</u></u>	<u><u>93</u></u>
Total equity	<u><u>77,639</u></u>	<u><u>60,170</u></u>
Debt-to-equity ratio	<u><u>0.5%</u></u>	<u><u>0.2%</u></u>

CAPITAL STRUCTURE

As at 31 December 2024, the Company's total issued shares was 346,897,482 of HK\$0.04 each (2023: 173,448,741 of HK\$0.04 each). The Group had no debt securities or other capital instruments as at 31 December 2024.

On 1 December 2023, the Company entered into an underwriting agreement with Lego Securities Limited in respect of the Rights Issue up to 173,448,741 rights share at HK\$0.12 each to certain qualifying shareholders. The intended and actual use of proceeds from the Rights Issue certain was for general working capital and investments.

The transaction was completed in February 2024. A total of 173,448,741 shares were issued. The gross and net proceeds was approximately HK\$20,814,000 and HK\$19,504,000 respectively. The net price was approximately HK\$0.11 per rights share.

USE OF PROCEEDS FROM RIGHTS ISSUE

The gross proceeds raised from the Rights Issue are approximately HK\$20.8 million and the net proceeds from the Rights Issue after expenses are approximately HK\$19.5 million. The Company applies HK\$16.6 million, being the approximately 85.13% of the net proceeds, for investment in listed securities, and approximately HK\$2.9 million, being approximately 14.87% of the net proceeds, for general working capital of the Company, such as administrative expenses, including but not limited to office rent, salaries and allowances and legal and professional fees.

The Use of Rights Issue Proceeds as at 31 December 2024:

	Planned use of the proceeds as stated in the Announcement <i>(HK\$ million)</i>	Actual use of proceeds as at 31 December 2024 <i>(HK\$ million)</i>	Unutilised net proceeds up to 31 December 2024 <i>(HK\$ million)</i>
Uses			
Investment in Securities	15.2	16.6	–
General Working Capital	4.2	2.9	–
	<hr/>	<hr/>	<hr/>
Total	19.4	19.5	–
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The Group did not have any significant merger, acquisition or disposal during the year ended 31 December 2024.

EMPLOYEE BENEFITS

As at 31 December 2024, the Group had 2 employees. Total employee benefits expenses (excluding Directors' emoluments) and Directors' emoluments for the year ended 31 December 2024 were approximately HK\$409,000 (2023: HK\$722,000) and HK\$1,451,000 (2023: HK\$1,107,000) respectively. 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.

CHARGES ON GROUP'S ASSETS

As at 31 December 2024 and 31 December 2023, 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, the Group had no contingent liabilities noted by the Directors (2023: Nil).

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the significant investments of the Group are included in the Group's investments under the section headed "Major Investments" in this results announcement.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: Nil).

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiary purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024 and up to the date of this announcement.

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 2024.

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 2024, the Company was in compliance with the code provisions set out in the CG Code. Code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The office of the chairman of the Board is currently vacant that the roles and duties of which are assumed by the Board. Executive Directors are responsible for day-to-day management of business. Therefore, a clear division of responsibilities is in place and a balance of power and authority is ensured.

Save as aforesaid and in the opinion of the directors (the "**Directors**") of the Company, the Company was in compliance with the code provisions set out in the CG Code.

AUDIT COMMITTEE

The Audit Committee (the “**Audit Committee**”) was established on 7 October 2002. The Audit Committee currently consists of four independent non-executive Directors, namely Mr. Hui Yat On (chairman of the Audit Committee), Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min.

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 2024.

SCOPE OF WORK OF RSM HONG KONG

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 2024 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, 28 February 2025

As at the date of this announcement, the board of Directors of the Company comprises Mr. Lui Cheuk Hang Henri and Mr. Chiu Tak Wai as executive Directors, Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min as independent non-executive Directors.