

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.*



## **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)**

**(1) PROPOSED SHARE CONSOLIDATION;  
AND  
(2) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED  
SHARE HELD ON THE RECORD DATE**

**Underwriter**



**Financial adviser to the Company**



**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**

**VINCO**  榮高

**Vinco Financial Limited**

\* For identification purpose only

## **PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.04 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 30,000,000,000 Existing Shares of HK\$0.01 each, of which 231,264,988 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue, the authorised share capital of the Company will become HK\$300,000,000 divided into 7,500,000,000 Consolidated Shares of HK\$0.04 each, of which 57,816,247 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

**No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.**

**Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## **PROPOSED RIGHTS ISSUE**

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Consolidated Share held on the Record Date at the Subscription Price of HK\$0.38 per Rights Share, 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. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses, are estimated to be approximately HK\$42.5 million (assuming no further issue or repurchase of Shares on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Rights Issue is conditional upon, among other things, the Share Consolidation having become effective. The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

#### **UNDERWRITING AGREEMENT**

On 28 July 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. The Rights Issue will be fully underwritten by the Underwriter. Details of the Underwriting Arrangement are set out in the section headed “Underwriting Agreement” in this announcement.

#### **WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.**

**Any Shareholders or potential investors contemplating selling or purchasing the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.**

**Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

#### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 26 September 2022 to Friday, 30 September 2022 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company does not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Existing Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required or indicated his/her intention to abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **GENERAL**

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the issue of the Rights Shares).

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Wai Tsin, Mr. Hui Yat On and Mr. Chan Pak Lam, Tom, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

A circular containing, among other things, (i) further details of the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions thereunder; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 24 August 2022.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM and upon the Share Consolidation becoming effective, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Copies of the Prospectus Documents will also be made available on the websites of the Company (<http://www.cflg.com.hk>) and the Stock Exchange (<http://www.hkexnews.hk>). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.04 each. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation will become effective on Wednesday, 21 September 2022, being the second Business Day immediately following the fulfilment of the above conditions.

## **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 30,000,000,000 Existing Shares of HK\$0.01 each, of which 231,264,988 Existing Shares have been issued and are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$300,000,000 divided into 7,500,000,000 Consolidated Shares of HK\$0.04 each, of which 57,816,247 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

## **Other securities of the Company**

As at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

### **Odd lots arrangements and matching services**

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the circular to be issued by the Company.

Holder of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period from Wednesday, 21 September 2022 to Friday, 28 October 2022 (both days inclusive), submit the existing share certificates for the Existing Shares to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration.

The new share certificates for the Consolidated Shares will be issued in purple colour in order to distinguish them from the existing share certificates in grey colour.

### **Listing and Dealings**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation and all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

## **REASONS FOR THE SHARE CONSOLIDATION**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the Existing Shares approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the Company to either change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated on 1 October 2020) has further stated that (i) market price of the Existing Shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares at a level close to HK\$0.1 and the value per board lot being less than HK\$2,000, the Board considers that upon the Share Consolidation becoming effective, the share price of the Company would be adjusted to HK\$0.512 per Consolidated Share (based on the closing price of HK\$0.128 per Existing Share as at the date of this announcement), with a board lot size of 10,000 Consolidated Shares, the new board lot value would be HK\$5,120, which would enable the Company to comply with the trading requirements under the Listing Rules. Further, it is expected that the Share Consolidation will increase the nominal value of the Shares. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholder base.

Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

The Board believes the Share Consolidation will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save for the Share Consolidation, the Company has no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months.

## PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, the Rights Issue with the terms set out as follows:

### Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.38 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.37 per Rights Share
Number of Shares in issue as at the date of this announcement	:	231,264,988 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	57,816,247 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	115,632,494 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Approximately HK\$4,625,299.8 (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	173,448,741 Consolidated Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Gross proceeds from the Rights Issue	:	Approximately HK\$43.9 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date.

Assuming no Shares are issued or repurchased on or before the Record Date, the 115,632,494 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 200% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and 66.67% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

### **Undertakings**

As at the date of this announcement, the Company had not received any information or irrevocable undertaking from any Shareholders of their intention in relation to the Rights Shares to be provisionally allotted to them under the Rights Issue.

### **The Subscription Price**

The Subscription Price of HK\$0.38 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 29.1% to the theoretical closing price of HK\$0.536 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.134 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 29.2% to the average theoretical closing price of approximately HK\$0.537 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.134 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 29.3% to the average theoretical closing price of approximately HK\$0.538 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.134 per Existing Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;

- (iv) a discount of approximately 12.1% to the theoretical ex-rights price of approximately HK\$0.432 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the benchmarked price, being the average closing price of approximately HK\$0.537 per Consolidated Share (after taking into account the effect of the Share Consolidation) as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day; and
- (v) a discount of approximately 52.8% to the net asset value of the Company of approximately HK\$0.805 per Consolidated Share (after taking into account the effect of the Share Consolidation) as at 31 December 2021 based on the audited net asset value of the Company of HK\$46,522,000 as at 31 December 2021 and 57,816,247 Consolidated Shares assuming the Share Consolidation has become effective.

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules and taking into account the Share Consolidation) for the Rights Issue are approximately HK\$0.432 per Consolidated Share, HK\$0.537 per Consolidated Share and 19.6%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to the market price of the Existing Shares under the prevailing market conditions and the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Directors (other than the independent non-executive Directors whose view will be formed after considering the opinion of the Independent Financial Adviser) consider that despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Existing Shares and discount to the recent closing prices of the Existing Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

## **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a Shareholder as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Consolidated Shares (together with the relevant share certificate(s)) must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited at level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022), for registration no later than 4:30 p.m. (Hong Kong time) on Friday, 23 September 2022.

It is expected that the last day of dealings in the Consolidated Shares on a cum-rights basis is Wednesday, 21 September 2022, and the Consolidated Shares will be dealt with on an ex-rights basis from Thursday, 22 September 2022.

Subject to the Share Consolidation having become effective and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL and the EAF) to the Excluded Shareholders for their information only.

## **Closure of register of members**

The register of members of the Company will be closed from Monday, 26 September 2022 to Friday, 30 September 2022 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Consolidated Shares will be registered during the above book closure period.

## **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of two (2) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by duly completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar by the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

## **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. As at the date of this announcement, there are four Overseas Shareholders with registered addresses situated in the PRC.

The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued. The Company will send the Prospectus (without the PAL and the EAF) and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Application for the excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Excluded Shareholders and for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made only by duly completing and signing the EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Tuesday, 18 October 2022.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the principle that any excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application. No reference will be made to the Rights Shares comprised in acceptance by the PAL or the number of Shares held by Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their own names prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Tricor Tengis Limited, the address of which is at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 23 September 2022.

Any Rights Shares (not taken up by the Qualifying Shareholders and not taken up by excess applications) will be taken up by the Underwriter and/or subscribers procured by it pursuant to the terms and conditions of the Underwriting Agreement.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Thursday, 27 October 2022 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be sent on or about Thursday, 27 October 2022 by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Adjustments to entitlements**

The Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) or EAF(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5)(b) of the Listing Rules. Investors are advised to exercise caution when dealing in the Shares.

## **Fractional entitlement to the Rights Shares**

On the basis of the entitlement to subscribe two (2) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements of the Consolidated Shares to the Rights Shares will arise from the Rights Issue.

## **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

## **Application for listing in nil-paid and fully-paid forms**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

## **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the rights shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

**Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.**

## **UNDERWRITING AGREEMENT**

On 28 July 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. The Rights Issue will be fully underwritten by the Underwriter. The principal terms of the Underwriting Agreement are as follows:

Date : 28 July 2022 (after trading hours)

Underwriter : Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

Number of the Underwritten Shares : The total number of the Underwritten Shares shall be in maximum up to 115,632,494 Rights Shares, being such number of the Rights Shares to be issued pursuant to the Rights Issue.

Underwriting commission : An amount equal to 1.0% of the Subscription Price multiplied by the number of the Underwritten Shares, being up to approximately HK\$0.4 million in maximum.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, the market price of the Existing Shares and the prevailing market rate of similar transactions. The Directors (other than the independent non-executive Directors whose view will be formed after considering the opinion of the Independent Financial Adviser) consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) (if any) or appoint any person to be sub-agent(s) on its behalf at its own costs for the purpose of arranging for the subscription of the Underwritten Shares with only selected subscribers with only such authority and rights as well as such obligations and duties as the Underwriter has pursuant to its appointment under the Underwriting Agreement.

Under the Underwriting Agreement, if the conditions of the Rights Issue are fulfilled on or before the Latest Time for Acceptance (or such later time and/or date as the Company and the Underwriter may determine in writing) and the Underwriting Agreement becomes unconditional and is not terminated in accordance with the terms thereof, and in the event that by the Latest Time for Acceptance, any of the Rights Shares have not been taken up (“**Untaken Shares**”), the Company shall as soon as practicable thereafter notify or procure the Registrar on behalf of the Company to notify the Underwriter in writing of the number of the Untaken Shares. Pursuant to the Underwriting Agreement, when the Underwriter is being called upon to subscribe for or procure subscription for the Untaken Shares:

- (i) the Underwriter shall use its reasonable endeavours to procure that each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with, the Directors, chief executive or substantial shareholders of the Company (all of which within the meaning of the Listing Rules) or any of its subsidiaries and their respective associates and shall not be a connected person of the Company (within the meaning of the Listing Rules);
- (ii) the Underwriter will procure each of the subscribers of the Untaken Shares (including any direct and indirect sub-underwriters) and their respective associates will not, together with any party acting in concert (within the meaning of the Takeovers Code) with it or its associates, hold 10.0% or more of the voting rights of the Company immediately upon completion of the Rights Issue; and
- (iii) in the event that there is insufficient public float of the Company within the meaning of the Listing Rules immediately upon completion of the Rights Issue solely because of the Underwriter’s performance of its obligations pursuant to the Underwriting Agreement, the Underwriter agrees to take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08(1) of the Listing Rules.

## Conditions of the Rights Issue and the Underwriting Agreement

The Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the filing and registration of all the Prospectus Documents (together with any other documents required by applicable law or regulation to be annexed thereto) with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval of the listing of, and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) on or before the Prospectus Posting Date;
- (iv) the passing of the necessary resolutions by the Shareholders (or as the case may be, the Independent Shareholders) at the EGM approving, among other things, (i) the Share Consolidation; and (ii) the Rights Issue, including the allotment and issue of the Rights Shares (in their nil-paid and fully paid forms) on or before the Prospectus Posting Date;
- (v) compliance with and performance of all the undertakings and obligations of the Company under terms of the Underwriting Agreement;
- (vi) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (vii) the Share Consolidation having become effective on or before the Prospectus Posting Date; and
- (viii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date.

As at the date of this announcement, none of the conditions has been satisfied. If the conditions have not been fulfilled in all respects by the Latest Time for Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise, save for any antecedent breach of any obligation under the Underwriting Agreement.

### **Termination of the Underwriting Agreement**

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Termination, if:

- (i) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (ii) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole; or
- (iii) any material adverse change in the business or in the financial or trading position of the Company as a whole which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iv) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue,

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Termination) rescind the Underwriting Agreement.

**If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

## **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. 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. The investment objective of the Company is to achieve an enhanced earnings stream and capital appreciation from its investments. It is the corporate strategy of the Group to strengthen its existing businesses and continue its focus on financing future investment opportunities to achieve financial growth for the Group and to maximise the Shareholders' value.

The estimated expenses of the Rights Issue are approximately HK\$1.4 million, which include underwriting commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue and will be borne by the Company.

The estimated net proceeds from the Rights Issue will be approximately HK\$42.5 million (equivalent to a net price of approximately HK\$0.37 per Rights Share) which will be used as follows:

- (i) approximately HK\$37.3 million, being approximately 87.8% of the net proceeds, for investment in listed securities and unlisted securities; and
- (ii) approximately HK\$5.2 million, being approximately 12.2% 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.

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

**However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings will be diluted.**

The Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing and equity fund raising.

Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner as it may be subject to lengthy due diligence and negotiations with financial institutions, it may as well require pledge of assets and/or other kind of securities.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company, which is not the intention of the Company.

The Board has also considered conducting pro rata fundraising by way of open offer, which is of similar nature as the Rights Issue. The Qualifying Shareholders who do not wish to take up their provisional entitlements under Rights Issue are able to sell the nil-paid rights in the market. However, an open offer does not allow the trading of rights entitlements. Therefore, the Board considers that the Rights Issue would be more favourable as it offers the Qualifying Shareholders an option to sell their entitlement rights when comparing with an open offer.

In comparison, the Board considers that the Rights Issue provides a good opportunity for the Group to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms and avoid dilution. The Rights Issue will allow the Qualifying Shareholders to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability), therefore the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

As at the date of this announcement, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. However, if there shall arise any change of the Group's current circumstances and existing business plans and that the net proceeds from the Rights Issue may not satisfy such upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support such future developments of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the date of this announcement up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; (iii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; and (iv) immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter:

	As at the date of this announcement		Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter	
	<i>No. of Existing Shares</i>	<i>Approx.% (Note 2)</i>	<i>No. of Consolidated Shares</i>	<i>Approx.% (Note 2)</i>	<i>No. of Consolidated Shares</i>	<i>Approx.% (Note 2)</i>	<i>No. of Consolidated Shares</i>	<i>Approx.% (Note 2)</i>
Underwriter <i>(Note 1)</i>	—	—	—	—	—	—	115,632,494	66.7%
Other public Shareholders	231,264,988	100.0%	57,816,247	100.0%	173,448,741	100.0%	57,816,247	33.3%
Total	<u>231,264,988</u>	<u>100.0%</u>	<u>57,816,247</u>	<u>100.0%</u>	<u>173,448,741</u>	<u>100.0%</u>	<u>173,448,741</u>	<u>100.0%</u>

### Notes

- Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall ensure (i) that each of the subscribers or purchasers of the Rights Shares procured by it are independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) that none of the relevant subscriber shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

## FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

### EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and the Rights Issue. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation and the Rights Issue and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Events	Hong Kong Date and Time
--------	-------------------------

**2022**

Expected despatch date of the circular, proxy form and notice of the EGM in relation to Share Consolidation and the Rights Issue . . . . .	Wednesday, 24 August
--	----------------------

Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM . . . . .	4:30 p.m. on Friday, 9 September
--	-------------------------------------

Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive) . . . . .	Tuesday, 13 September to Monday, 19 September
---	--

Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM) . . . . .	11:00 a.m. on Saturday, 17 September
---	---

Record date for determining attendance and voting at the EGM . . . . .	Monday, 19 September
--	----------------------

Expected date and time of EGM to approve the Share Consolidation and the Rights Issue . . . . .	11:00 a.m. on Monday, 19 September
---	---------------------------------------

Announcement of the poll result of the EGM . . . . .	Monday, 19 September
--	----------------------

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation:**

<b>Events</b>	<b>Hong Kong Date and Time</b>
	<b>2022</b>
Register of members of the Company re-opens .....	Tuesday, 20 September
Effective date of the Share Consolidation .....	Wednesday, 21 September
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Wednesday, 21 September
Commencement of dealings in the Consolidated Shares .....	9:00 a.m. on Wednesday, 21 September
Original counter for trading in Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Wednesday, 21 September
Temporary counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Wednesday, 21 September
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue .....	Wednesday, 21 September
First day of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue .....	Thursday, 22 September
Latest time for the Shareholders to lodge transfer documents of the Consolidated Shares in order to be qualified for the Rights Issue .....	4:30 p.m. on Friday, 23 September
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive) .....	Monday, 26 September to Friday, 30 September
Record date for the Rights Issue .....	Friday, 30 September

**Events****Hong Kong Date and Time****2022**

Register of members of the Company re-opens .....	Monday, 3 October
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Excluded Shareholders, the Prospectus only) .....	Monday, 3 October
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) reopens .....	Thursday, 6 October
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences .....	9:00 a.m. on Thursday, 6 October
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares and fully-paid Rights Shares .....	Thursday, 6 October
First day of dealings in nil-paid Rights Share .....	Thursday, 6 October
Latest time for splitting the PAL .....	4:30 p.m. on Monday, 10 October
Last day of dealings in nil-paid Rights Shares .....	Thursday, 13 October
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares .....	4:00 p.m. on Tuesday, 18 October
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional .....	4:30 p.m. on Thursday, 20 October
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Share and fully-paid Rights Shares .....	4:00 p.m. on Wednesday, 26 October
Temporary counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates) closes. ....	4:10 p.m. on Wednesday, 26 October

**Events**

**Hong Kong Date and Time**

**2022**

Parallel trading in Consolidated Shares

(represented by both existing share certificates

and new share certificates) ends .....4:10 p.m. on Wednesday,  
26 October

Announcement of allotment results of the Rights Issue ..... Wednesday, 26 October

Despatch of share certificates for fully-paid Rights Shares

and refund cheques (if any) for wholly and

partially unsuccessful excess applications to be posted ..... Thursday, 27 October

Commencement of dealings in fully-paid Rights Shares. .... Friday, 28 October

Latest time for free exchange of existing share

certificates for new share certificates ..... Friday, 28 October

**EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The Latest Time for Acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if:

- (i) typhoon signal No. 8 (or above);
- (ii) “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
- (iii) a “black” rainstorm warning
  - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “Expected Timetable” above may be affected. Announcement will be made by the Company in such event.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued shares of the Company by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company does not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates holds any Existing Shares. Accordingly, no Shareholder shall abstain from voting in favour of the proposed resolution approving the Rights Issue at the EGM and no Director shall abstain from voting in favour of the Rights Issue at the meeting of the Board.

As at the date of this announcement, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, no Shareholder is required or indicated his/her intention to abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **GENERAL**

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue and the transactions contemplated thereunder (including the Underwriting Agreement and the issue of the Rights Shares).

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Lam Wai Tsin, Mr. Hui Yat On and Mr. Chan Pak Lam, Tom, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, after taking into account the recommendations of the Independent Financial Adviser.

A circular containing, among other things, (i) further details of the Share Consolidation and the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions thereunder; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 24 August 2022.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM and upon the Share Consolidation becoming effective, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Copies of the Prospectus Documents will also be made available on the websites of the Company (<http://www.cflg.com.hk>) and the Stock Exchange (<http://www.hkexnews.hk>). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" under the section headed "Proposed Rights Issue" of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.**

**Any Shareholders or potential investors contemplating selling or purchasing the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.**

**Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Company”	China Financial Leasing Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 2312)
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.04 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation and the Rights Issue
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Vinco Financial Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder

“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	27 July 2022, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 18 October 2022 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
“Latest Time for Termination”	4:30 p.m. on Thursday, 20 October 2022 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue

“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Monday, 3 October 2022 (or such other date as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 30 September 2022, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, the address of which is at level 54, Hopewell Centre, 183 Queen’s Road East, Hon Kong (which will be relocated to 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong with effect from 15 August 2022)
“Rights Issue”	The proposed issue by way of rights of two (2) Rights Shares for every one (1) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in this announcement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every four (4) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.04
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.38 per Rights Share

“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the underwriter to the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 28 July 2022 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriter, being in maximum up to the total number of the Rights Shares
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 28 July 2022

*As at the date of this announcement, the Board 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.*