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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)*

## PLACING OF NEW SHARES

PLACING AGENT



美高證券有限公司

METRO CAPITAL SECURITIES LTD

### PLACING AGREEMENT

The Board is pleased to announce that on 2 February 2010 (after trading hours), the Company has entered into the Placing Agreement with the Placing Agent. Pursuant to the Placing Agreement, the Placing Agent has agreed to procure, on a best effort basis, Placees to subscribe for the Placing Shares at a price of HK\$0.086 per Placing Share.

The Placing Shares will be placed to not less than 6 independent institutional, professional or individual investors.

The Placing Price of HK\$0.086 represents:

- (i) a discount of approximately 18.87% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on 2 February 2010, being the date of the Placing Agreement; and
- (ii) a discount of approximately 19.17% to the average closing price of HK\$0.1064 per Share as quoted on the Stock Exchange from 27 January 2010 to 2 February 2010, both dates inclusive, being the last five consecutive trading days prior to the date of the Placing Agreement.

The total number of 67,455,000 Placing Shares represent (i) approximately 20% of the existing issued share capital of the Company of 337,344,000 Shares as at the date of this announcement and (ii) approximately 16.66% of the issued share capital of the Company of 404,799,000 Shares as enlarged by the issue and allotment of the Placing Shares.

The Placing Price was arrived at after arm's length negotiations among the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the Placing Price, the terms of the Placing Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate passed at the AGM. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The net proceeds of approximately HK\$5,650,000 from the Placing is intended to be used as general working capital of the Company. The net price (after deduction of cost of the Placing) per Placing Share is HK\$0.084.

**Completion of the Placing is subject to the satisfaction of the condition in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **THE PLACING AGREEMENT**

### **Date**

2 February 2010

### **Parties**

- (1) the Company
- (2) the Placing Agent

## **THE PLACING**

The Placing Agent has agreed to procure, on a best effort basis, Placees to subscribe for an aggregate of 67,455,000 Placing Shares at a price of HK\$0.086 per Placing Share.

The total number of 67,455,000 Placing Shares represent (i) approximately 20% of the existing issued share capital of the Company of 337,344,000 Shares as at the date of this announcement and (ii) approximately 16.66% of the issued share capital of the Company of 404,799,000 Shares as enlarged by the issue and allotment of the Placing Shares.

The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and its connected persons (as defined in the Listing Rules).

## **Placees**

The Placing Agent will place the Placing Shares to not less than six Placees to be determined solely by the Placing Agent, whose ultimate beneficial owners will be third parties independent of and will not be connected persons of the Company.

## **Placing Price**

The Placing Price of HK\$0.086 represents:

- (i) a discount of approximately 18.87% to the closing price of HK\$0.106 per Share as quoted on the Stock Exchange on 2 February 2010, being the date of the Placing Agreement; and
- (ii) a discount of approximately 19.17% to the average closing price of HK\$0.1064 per Share as quoted on the Stock Exchange from 27 January 2010 to 2 February 2010, both dates inclusive, being the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing (including the Placing Price) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

The Subscription Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorized to issue up to 67,468,800 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Following the completion of the Placing, a total number of 67,455,000 Shares will be allotted and issued, leaving a balance of 13,800 Shares to be allotted and issued under the General Mandate.

## **Ranking of the Placing Shares**

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.

## **Conditions of the Placing**

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares

## **Completion**

Subject to fulfillment of the above condition, completion of the Placing will take place on or before the fifth Business Day following the fulfillment of the above condition, provided that such completion date shall not be later than the date falling 1 calendar month after the date of this announcement.

In the event that the condition of the Placing Agreement is not fulfilled by 1 March 2010, or such later date as may be agreed by the Company and the Placing Agent, the Placing Agreement shall terminate and neither the parties shall have any claim against the other for costs, damages, compensation or otherwise.

## REASONS FOR THE PLACING

The gross proceeds from the Placing will be HK\$5,801,130. The net proceeds of approximately HK\$5,650,000 from the Placing and is intended to be used as working capital of the Company.

The Directors had considered various ways of raising funds and consider that the Placing represents an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing is in the interests of the Company and the Shareholders as a whole.

**Completion of the Placing is subject to the satisfaction of the condition precedent in the Placing Agreement.**

**As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding of the Company (a) as at the date of this announcement; (b) immediately after the Placing (assuming that all the 67,455,000 Placing Shares are placed); and (c) upon full exercise of the Warrants are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after the Placing		Upon full exercise of the Warrants	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Chan Chi Hung	199,000	0.06	199,000	0.05	199,000	0.04
<i>Public Shareholders:</i>						
Placees	-	-	67,455,000	16.66	67,455,000	14.28
Holder of Warrants	-	-	-	-	67,460,000	14.28
Other public Shareholders	<u>337,145,000</u>	<u>99.94</u>	<u>337,145,000</u>	<u>83.29</u>	<u>337,145,000</u>	<u>71.40</u>
	<u>337,344,000</u>	<u>100.00</u>	<u>404,799,000</u>	<u>100.00</u>	<u>472,259,000</u>	<u>100.00</u>

## GENERAL

The Company is an investment company under Chapter 21 of the Listing Rules.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“AGM”	the annual general meeting of the Company held on 25 May 2009
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday) on which banks are open in Hong Kong
“Company”	China Financial Leasing Group Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the main board of the Stock Exchange (stock code: 2312)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Placee(s)”	any institutional, professional or individual investor(s) procured by the Placing Agents to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of an aggregate of 67,455,000 new Shares in the Company pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	Metro Capital Securities Limited, a licensed corporation to carry out Type 1 regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 2 February 2010 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.086 per Placing Share
“Placing Shares”	an aggregate of 67,455,000 new Shares of the Company to be placed by the Placing Agent pursuant to the Placing Agreement

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Warrants”	a total number of 67,460,000 units of unlisted warrants issued on 24 October 2008, each of which entitles the holder thereof to subscribe for one Share <sup>4</sup> at the adjusted subscription price of HK\$0.25 (subject to adjustment) at any time during the period of 36 months commencing from 24 October 2008, subject to the terms and conditions as set out in the warrant instrument dated 24 October 2008
“%”	per cent

By Order of the Board  
**China Financial Leasing Group Limited**  
**Tse Kam Fai**  
*Company Secretary*

Hong Kong, 2 February 2010

*As at the date of this announcement, the Board comprises Mr. Choy Kwok Hung, Patrick (Chairman) and Mr. Chan Chi Hung (Acting Chief Executive Officer) as executive Directors, and Mr. Yue Man Yiu, Matthew, Mr. Chung Koon Yan and Mr. Chung Shu Kun, Christopher as independent non-executive Directors.*

*\* for identification purposes only*