
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Financial Leasing Group Limited**, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

Hong Kong Exchanges and Clearing Limited, Hong Kong Securities Clearing Company Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Document and the accompanying Form of Acceptance, make no representation as to their 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 Composite Document and the accompanying Form of Acceptance.

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.



LOONGLING CAPITAL LTD
(Incorporated in the British Virgin Islands with limited liability)

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)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO MANDATORY CONDITIONAL CASH OFFER BY



**ON BEHALF OF LOONGLING CAPITAL LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA FINANCIAL LEASING GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY LOONGLING CAPITAL LTD AND
PARTIES ACTING IN CONCERT WITH IT)**

Financial adviser to the Offeror
 **金利豐財務顧問**
KINGSTON CORPORATE FINANCE

Financial adviser to the Company
 **金融有限公司**
OCTAL Capital Limited

Independent financial adviser to the Independent Board Committee

 **INCUC**
INCUC Corporate Finance Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this Composite Document.

A letter from Kingston Securities containing, among other things, principal terms of the Offer is set out on pages 6 to 17 of this Composite Document. A letter from the Board is set out on pages 18 to 24 of this Composite Document. A letter from the Independent Board Committee containing its recommendation in respect of the Offer is set out on pages 25 to 26 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation to the Independent Board Committee in respect of the Offer and the principal factors considered by it in arriving at its recommendation is set out on pages 27 to 51 of this Composite Document.

The procedures for acceptance and other related information in respect of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Form of Acceptance should be received by the Registrar as soon as possible and in any event not later than 4:00 p.m. on Monday, 18 August 2025 (or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce, with the consent of the Executive, in accordance with the Takeovers Code).

* For identification purpose only

28 July 2025

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EXPECTED TIMETABLE

The timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company.

Event	Expected date (Note 1)
	2025
Offer opens for acceptance	Monday, 28 July
First Closing Date (Note 2)	Monday, 18 August
Latest time and date for acceptance of the Offer on the First Closing Date (Notes 2 and 6)	By 4:00 p.m. on Monday, 18 August
Announcement of the results of the Offer (or as to whether the Offer has been revised or extended) to be posted on the Stock Exchange's website (under the Company's list of announcements) and the Company's website (Note 2)	By 7:00 p.m. on Monday, 18 August
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer on or before 4:00 p.m. on the First Closing Date assuming the Offer becomes or is declared unconditional on the First Closing Date (Notes 3 and 6)	Wednesday, 27 August
Latest time and date for acceptance of the Offer assuming the Offer becomes or is declared unconditional on the First Closing Date (Notes 4 and 6)	By 4:00 p.m. on Monday, 1 September
Announcement of results of the Offer as at the final Closing Date to be posted on the Stock Exchange's website (under the Company's list of announcements) and the Company's website (assuming the Offer becomes or is declared unconditional on the First Closing Date) (Note 4)	By 7:00 p.m. on Monday, 1 September
Latest date for posting of remittances for the amounts due in respect of valid acceptances received under the Offer at or before 4:00 p.m. on 1 September 2025, being the latest time and date which the Offer remains open for acceptance assuming the Offer becomes or is declared unconditional on the First Closing Date (Notes 3 and 6)	Wednesday, 10 September
Latest time and date by which the Offer can become or be declared unconditional as to acceptances (Note 5)	By 7:00 p.m. on Friday, 26 September

EXPECTED TIMETABLE

Notes:

1. Dates and deadlines stated in this Composite Document and the Form of Acceptance for events in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable will be announced as appropriate. All times and dates refer to Hong Kong local time.
2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which this Composite Document is posted. The latest time and date for acceptance of the Offer will be at 4:00 p.m. on Monday, 18 August 2025 unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offer until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offer, which will state either the next Closing Date or, if the Offer is at that time unconditional as to acceptances, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offer is closed to those Offer Shareholders who have not accepted the Offer. Beneficial owners of Shares who hold their Shares in CCASS directly as an Investor Participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
3. Subject to the Offer becoming unconditional or being declared unconditional in all respects, remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of the Offer Shares for which the Offer is accepted) payable for the Shares tendered under the Offer will be posted to the accepting Shareholders by ordinary post at his/her/its own risk. Payment will be made as soon as possible, but in any event no later than 7 Business Days after the later of (i) the date on which the Offer becomes or is declared unconditional in all respects and (ii) the date of receipt of all relevant documents to render the acceptance complete and valid by the Registrar in accordance with the Takeovers Code.
4. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than 14 days thereafter and, at least 14 days' notice in writing must be given before the Offer is closed to those Shareholders who have not accepted the Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as the Offeror may determine or as permitted by the Executive, in accordance with the Takeovers Code. The Offeror will issue an announcement in relation to any extension of the Offer, which will state the next Closing Date or, if the Offer has become or is at that time unconditional in all respects, that the Offer will remain open until further notice. In the latter case, at least 14 days' notice will be given before the Offer is closed to those Shareholders who have not accepted the Offer and an announcement will be published.
5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on Friday, 26 September 2025, being the 60th day after the day this Composite Document is posted. Accordingly, unless the Offer have previously become unconditional as to acceptances, the Offer will lapse after 7:00 p.m. on Friday, 26 September 2025 unless extended with the consent of the Executive.
6. If any severe weather condition is in force in Hong Kong:
 - (a) at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will remain at 4:00 p.m. on the same Business Day and the latest date for despatch of remittances will remain on the same Business Day; or
 - (b) at any local time at or after 12:00 noon on the latest date for acceptance of the Offer and the latest date for despatch of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer will be rescheduled to 4:00 p.m. on the next Business Day and the latest date for despatch of remittances will be rescheduled to the next Business Day which does not have any of those warnings in force at 12:00 noon and/or thereafter (or another Business Day thereafter that does not have any severe weather condition at 12:00 noon or thereafter).

For the purpose of this Composite Document, "severe weather" refers to the scenario where Typhoon Signal No. 8 or above, a Black Rainstorm Warning (as issued by the Hong Kong Observatory), or the "Extreme Conditions" warning (as announced by the Hong Kong government) is in force in Hong Kong.

All references to dates and times contained in this Composite Document and the accompanying Form of Acceptance refer to Hong Kong dates and times, unless otherwise stated.

DEFINITIONS

In this Composite Document, unless the context otherwise requires, the following expressions shall have the following meanings

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	the date stated in this Composite Document as the First Closing Date (or any subsequent closing date as and may be announced by the Offeror and approved by the Executive)
“Company”	China Financial Leasing Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board (stock code: 2312)
“Completion”	completion of the sale and purchase of the Sale Shares A, or (as the case may be) the Sale Shares B, in accordance with the terms and conditions of the SP Agreement A or (as the case may be) the SP Agreement B, which took place on 24 June 2025
“Composite Document”	this composite offer and response document jointly issued by the Offeror and the Company to the Shareholders in connection with the Offer in compliance with the Takeovers Code containing, among other things, details of the Offer (accompanied by the Form of Acceptance) and the respective letters of advice from the Independent Board Committee and the Independent Financial Adviser
“Condition”	condition of the Offer as set out in the paragraph headed “Letter from Kingston Securities – The Offer – Condition of the Offer” of this composite document
“connected persons”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company

DEFINITIONS

“Encumbrance”	any claim, option, charge (fixed or floating), mortgage, lien, pledge, equity, adverse interest, encumbrance, right to acquire, right of pre-emption, right of first refusal, title retention or any other third party right, or other security interest or any agreement or arrangement having a similar effect or any agreement to create any of the foregoing
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegates
“First Closing Date”	18 August 2025, the first closing date of the Offer which is 21 days after the date on which this Composite Document is posted
“Form of Acceptance”	the form of acceptance and transfer of the Offer Shares in respect of the Offer accompanying this Composite Document
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent committee of the Board comprising all non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min, formed for the purpose of advising the Offer Shareholders in respect of the Offer
“Independent Financial Adviser” or “INCUB”	INCUB Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee in respect of the Offer
“Joint Announcement”	the announcement jointly published by the Offeror and the Company dated 24 June 2025 in relation to, among others, the sale and purchase of the Sale Shares and the Offer
“Kingston CF”	Kingston Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the financial adviser to the Offeror in relation to the Offer
“Kingston Securities”	Kingston Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the agent making the Offer on behalf of the Offeror

DEFINITIONS

“Last Trading Day”	12 June 2025, being the last trading day of the Shares immediately prior to the suspension of trading in the Shares pending the publication of the Joint Announcement
“Latest Practicable Date”	25 July 2025, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Mr. Cai”	Mr. Cai Wensheng
“Octal Capital”	Octal Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to the Company in relation to the Offer
“Offer”	the mandatory conditional cash offer made by Kingston Securities, on behalf of the Offeror, to acquire all the issued Shares not already owned or agreed to be acquired by the Offeror and parties acting in concert with it in accordance with the Takeovers Code, and any subsequent revision of such offer
“Offer Period”	the period from 24 June 2025, being the date of the Joint Announcement, and ending on the Closing Date
“Offer Price”	the price at which the Offer is being made, being HK\$0.38 per Offer Share
“Offer Share(s)”	all the Shares in issue, other than those already owned or agreed to be acquired by the Offeror and parties in concert with it
“Offer Shareholder(s)”	Shareholder(s), other than the Offeror and parties acting in concert with it
“Offeror”	Longling Capital Ltd, a company incorporated in the British Virgin Islands the entire issued share capital of which is directly beneficially owned by Mr. Cai and the offeror under the Offer
“Overseas Offer Shareholder(s)”	Offer Shareholder(s) whose address(es), as shown on the register of members of the Company, is/are outside Hong Kong

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this Composite Document, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Change of Company Name”	the proposed change of the English name of the Company from “China Financial Leasing Group Limited” to “CAI Corp” and adoption of the Chinese name “CAI 控股” as the Company’s new dual foreign name to replace its existing Chinese name “中國金融租賃集團有限公司” after the close of the Offer
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong
“Relevant Period”	the period commencing on 24 December 2024, being the date falling six months immediately preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
“Sale Shares”	Sale Shares A and Sale Shares B, and a “Sale Share” means a Sale Share A or Sale Share B
“Sale Shares A”	95,706,441 Shares sold by Vendor A and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement A, representing approximately 27.59% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share A” means any of them
“Sale Shares B”	25,556,574 Shares sold by Vendor B and acquired by the Offeror pursuant to the terms and conditions of the SP Agreement B, representing approximately 7.37% of the total number of Shares in issue as at the date of the Joint Announcement, and a “Sale Share B” means any of them
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with par value of HK\$0.04 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“SP Agreement A”	the conditional agreement for the sale and purchase of the Sale Shares A dated 13 June 2025 between Vendor A as vendor and the Offeror as purchaser

DEFINITIONS

“SP Agreement B”	the conditional agreement for the sale and purchase of the Sale Shares B dated 18 June 2025 between Vendor B as vendor and the Offeror as purchaser
“SP Agreements”	the SP Agreement A and the SP Agreement B
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor A”	Mr. Lam Shu Chung
“Vendor B”	Like Capital Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of Capital VC Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange (stock code: 2324). According to the interim report of Capital VC Limited for the six months ended 31 March 2025 and the latest public records available on the website of the Stock Exchange on substantial shareholders of Capital VC Limited as notified pursuant to Part XV of the SFO, there was no controlling shareholder of Capital VC Limited as at the Latest Practicable Date
“Vendors”	Vendor A and Vendor B
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent.

LETTER FROM KINGSTON SECURITIES

To the Offer Shareholders

28 July 2025

Dear Sir/Madam,

MANDATORY CONDITIONAL CASH OFFER BY



金利豐證券
KINGSTON SECURITIES

ON BEHALF OF LONGLING CAPITAL LTD TO ACQUIRE ALL THE ISSUED SHARES OF CHINA FINANCIAL LEASING GROUP LIMITED (OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED BY LONGLING CAPITAL LTD AND PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

On 24 June 2025, the Offeror and the Company jointly announced, among others, that (a) on 13 June 2025, Vendor A and the Offeror entered into the SP Agreement A, pursuant to which Vendor A has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares A, being 95,706,441 Shares representing approximately 27.59% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$36,368,447.58 (equivalent to HK\$0.38 per Sale Share A); and (b) on 18 June 2025, Vendor B and the Offeror entered into the SP Agreement B, pursuant to which Vendor B has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares B, being 25,556,574 Shares representing approximately 7.37% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$9,711,498.12 (equivalent to HK\$0.38 per Sale Share B).

Immediately after Completion which took place on 24 June 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 121,263,015 Shares, representing approximately 34.96% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intentions regarding the Group. Further details of the Offer are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance. Your attention is also drawn to the "Letter from the Board", the "Letter from the Independent Board Committee" to the Offer Shareholders and the "Letter from INCU" to the Independent Board Committee as contained in this Composite Document.

LETTER FROM KINGSTON SECURITIES

THE OFFER

Principal terms of the Offer

We are making the Offer, on behalf of the Offeror, to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.38 in cash

The Offer Price per Offer Share is the same as the purchase price per Sale Share of HK\$0.38 paid by the Offeror to the Vendors under the SP Agreements.

As at the Latest Practicable Date, the Company had 346,897,482 Shares in issue and the Company did not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had not entered into any agreement for the issue of such options, warrants, derivatives or other relevant securities which are convertible or exchangeable into Shares.

The procedures for acceptance and further details of the Offer are set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Comparison of value

The Offer Price of HK\$0.38 per Offer Share represents:

- (a) a discount of approximately 71.43% to the closing price of HK\$1.330 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 206.45% over the closing price of HK\$0.124 per Share quoted on the Stock Exchange on 11 June 2025, being the full trading day immediately before the Last Trading Day;
- (c) a premium of approximately 13.43% over the closing price of HK\$0.335 per Share quoted on the Stock Exchange on 12 June 2025, being the Last Trading Day;
- (d) a premium of approximately 127.54% over the average closing price of approximately HK\$0.167 per Share quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 155.03% over the average closing price of approximately HK\$0.149 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (f) a premium of approximately 239.29% over the average closing price of approximately HK\$0.112 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

LETTER FROM KINGSTON SECURITIES

- (g) a premium of approximately 268.93% over the average closing price of approximately HK\$0.103 per Share quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (h) a premium of approximately 69.64% over the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.224 as at 31 December 2024, calculated based on the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$77,639,000 as at 31 December 2024 and 346,897,482 Shares in issue as at the Latest Practicable Date; and
- (i) a premium of approximately 65.22% over the unaudited net asset value per Share of approximately HK\$0.23 as at 30 June 2025 as disclosed in the Company's announcement dated 9 July 2025 as required under the Listing Rules, calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of approximately HK\$79,475,000 and 346,897,482 Shares in issue as at 30 June 2025.

Highest and lowest Share Prices

The highest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$1.900 per Share on 27 June 2025.

The lowest closing price of the Shares quoted on the Stock Exchange during the Relevant Period was HK\$0.084 per Share on 16 May 2025 and from 19 May 2025 to 21 May 2025.

Total Consideration for the Offer Shares

Assuming that there is no change in the total number of Shares in issue and based on the Offer Price of HK\$0.38 per Offer Share and 346,897,482 Shares in issue as at the Latest Practicable Date, all the Shares in issue are valued at HK\$131,821,043.16. As the Offeror and parties acting in concert with it hold in aggregate 121,263,015 Shares immediately after Completion, 225,634,467 Shares are subject to the Offer. Based on the offer price of HK\$0.38 per Offer Share, the consideration of the Offer is HK\$85,741,097.46. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document).

Since the Offer Shares tendered for acceptance will be acquired together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document), in the event of any declaration of dividends by the Company on or after 28 July 2025, such dividends will not be used to set off against the consideration (or any part thereof) payable to the Offer Shareholders under the Offer.

LETTER FROM KINGSTON SECURITIES

Financial resources available for the Offer

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer is HK\$85,741,097.46, assuming there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance the consideration payable under the Offer with its internal resources.

Kingston CF, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptances of the Offer.

Condition of the Offer

The Offer is conditional upon valid acceptances of the Offer having been received (and where permitted, not withdrawn) on or before 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer Shares, which together with the Shares already held by the Offeror and the parties acting in concert with it, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company as at the Closing Date. This Condition cannot be waived.

If the Condition is not fulfilled by the First Closing Date, the Offer will lapse in accordance with the Takeovers Code unless extended. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

The Offeror reserves the right to revise the terms of the Offer in accordance with the Takeovers Code.

Closing of the Offer

In accordance with Rule 15.1 of the Takeovers Code, the First Closing Date will fall on Monday, 18 August 2025, being the 21st day from the date of this Composite Document. Where the Offer becomes or is declared unconditional (whether as to acceptances or in all respects), it shall remain open for acceptance for not less than 14 days thereafter, provided that the Offer shall initially be open for acceptance for at least 21 days. The Offer Shareholders are reminded that the Offeror does not have any obligations to keep the Offer open for acceptance beyond this minimum 14-day period.

The latest time on which the Offeror may declare the Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent). In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects.

LETTER FROM KINGSTON SECURITIES

Effect of accepting the Offer

By accepting the Offer, the Offer Shareholders shall sell their Offer Shares free from all Encumbrances and with all rights attached to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document).

Acceptance of the Offer by any Offer Shareholders will be deemed to constitute a warranty by such person that all the Offer Shares sold by such person under the Offer are free from all Encumbrances and with all rights attached to them, including the rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of this Composite Document).

Settlement of consideration

Subject to the Offer having become, or having been declared, unconditional in all respects, payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event no later than 7 Business Days after the later of: (i) the date on which the Offer becomes, or is declared, unconditional; and (ii) the date of receipt of a duly completed acceptance of the Offer. Relevant documents evidencing title of the Offer Shares must be received by the Registrar to render each such acceptance of the Offer complete and valid pursuant to Rule 20.1 and Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent will be payable and the amount of cash consideration payable to any person who accepts the Offer will be rounded up to the nearest cent.

Hong Kong Stamp duty

Seller's ad valorem stamp duty at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable to the relevant Offer Shareholders on acceptance of the Offer. The Offeror will arrange for payment of the sellers' ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Offer Shares.

Taxation Advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

LETTER FROM KINGSTON SECURITIES

Overseas Offer Shareholders

The Offeror intends to make the Offer available to all Offer Shareholders, including those who are resident outside Hong Kong.

However, the availability of the Offer to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offer to persons with a registered address in jurisdictions outside Hong Kong may be prohibited or limited by the laws or regulations of the relevant jurisdictions. Overseas Offer Shareholders and beneficial owners of Shares who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe relevant applicable legal or regulatory requirements and, where necessary, seek legal advice in respect of the Offer. It is the responsibility of Overseas Offer Shareholders and overseas beneficial owners of Shares who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due from the accepting Overseas Offer Shareholders in respect of such jurisdictions).

In the event that the receipt of this Composite Document by Overseas Offer Shareholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly onerous or burdensome (or otherwise not in the best interest of the Offeror or the Company or the Shareholders), this Composite Document, subject to the Executive's consent, may not be despatched to such Overseas Shareholders.

As at the Latest Practicable, there were five Overseas Offer Shareholders holding a total of 1,483,768 Shares (representing approximately 0.428% of the total number of Shares in issue as at the Latest Practicable Date) with registered addresses in the PRC. After considering the legal advice obtained on behalf of the Offeror and the Company on the regulatory and documentation requirements of sending the Composite Document to these overseas addresses, the sending of this Composite Document to these Overseas Offer Shareholders will not require the Offeror and the Company to comply with any regulatory and documentation requirements in the PRC and this Composite Document and the Form of Acceptance will be sent to these Overseas Offer Shareholders.

Any acceptance by any Overseas Offer Shareholders and overseas beneficial owners of Shares will be deemed to constitute a representation and warranty from such Overseas Offer Shareholders or overseas beneficial owners of Shares, as applicable, to the Offeror that the local laws and requirements have been complied with. Overseas Offer Shareholders and overseas beneficial owners of Shares should consult their own professional advisers if in doubt.

LETTER FROM KINGSTON SECURITIES

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. It is an investment company listed under Chapter 21 of the Listing Rules. The Group is principally engaged in short to medium term (i.e. less than one year to five years) capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. Subject to the foregoing, the Company will realise investments from time to time according to market condition which is in the opinion of the Board to be in the best interests of the Company or where the terms on which such realisation can be achieved are in the opinion of the Board to be particularly favourable to the Company. 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 Group strengthens its core business by adopting a prudent investment approach in selecting potential investment opportunities, and at the same time leveraging on favourable market conditions to maximize return.

Your attention is also drawn to the information on the Group set out in the section headed "Information on the Group" in the "Letter from the Board" and Appendix III as contained in this Composite Document.

INFORMATION ON THE OFFEROR AND MR. CAI

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 15 May 2009 and its issued share capital as at the Latest Practicable Date comprised one share of US\$1.00 which was beneficially owned by Mr. Cai. The Offeror is principally engaged in the business of capital investments in the PRC and other countries.

Mr. Cai is the chairman and sole director of the Offeror. He is an entrepreneur and renowned investor in the Internet and technology industry in the PRC. Mr. Cai is the co-chairman (聯席主席) of the Early-stage Investment Committee of the Asset Management Association of China (中國證券投資基金業協會早期投資專委會) and an honorary chairman of the Angel Investment Union (天使聯合匯). Angel Investment Union (天使聯合匯) (previously known as China Business Angel Association (中國天使投資協會)) is the largest angel investor organization in China. It was founded in 2013 and currently has more than 220 angel investment governing units. Angel Investment Union provides growth space for investors, opportunities for entrepreneurs, development opportunities for entrepreneurs, and encourages more people to join the angel investment business. Mr. Cai has been appointed by the Government of Hong Kong as a new non-official member of the Task Force on Promoting Web3 Development for a term of two years, with effect from 1 July 2025.

In 2004, Mr. Cai established 265.com Inc. (北京二六五科技有限公司), a company that provides site navigation services. 265.com Inc. was sold to Google in 2007. Since then, Mr. Cai has become an influential figure in the Internet start-up community in the PRC.

LETTER FROM KINGSTON SECURITIES

Mr. Cai is the founder and currently a substantial shareholder of Meitu, Inc. (Hong Kong Stock Exchange Stock Code: 1357). He is also a controlling shareholder of China New Economy Fund Limited (Hong Kong Stock Exchange Stock Code: 80). Mr. Cai has invested in various technology start-ups in the PRC, including Baofeng Group Co., Ltd (暴風集團股份有限公司) (formerly listed on the Shenzhen Stock Exchange with a stock code of 300431), 58.com Inc. (NYSE: WUBA) and Feiyu Technology International Company Ltd. (Hong Kong Stock Exchange Stock Code: 1022). Mr. Cai is also the founder and chairman of Longling Capital Co., Ltd. From January 2009 to October 2013, Mr. Cai was the chairman of 4399 Network Co., Ltd (四三九九網絡股份有限公司), a software enterprise that provides Internet gaming applications and information services. He was also appointed as a part-time professor at the School of Management, Xiamen University in September 2015. From May 2011 to November 2015, Mr. Cai served as a director of 58.com Inc. Mr. Cai also held directorships in Xiamen Fei Bo Network Technology Co., Ltd (廈門飛博共創網絡科技股份有限公司) (National Equities Exchange and Quotations Stock Code: 834617) between June 2015 and October 2016, and TTG Fintech Limited (Australian Securities Exchange Ticker: TUP) between September 2012 and August 2017. Mr. Cai served as the chairman of Meitu, Inc. from July 2013 to June 2023.

As at the Latest Practicable Date, the Offeror was a controlling Shareholder holding 121,263,015 Sale Shares (representing approximately 34.96% of the total number of Shares in issue) and therefore, each of the Offeror, Mr. Cai was a connected person of the Company.

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

It is the Offeror's intention to acquire a majority interest in the Company pursuant to the Offer. As at the Latest Practicable Date, the Offeror intended to maintain the existing listed and unlisted equity investment business of the Group immediately after the close of the Offer, and to invest in diversified investment portfolios. In addition, the Offeror intends to focus on establishing a Crypto-AI digital asset investment platform in the Group, investing in digital asset exchanges (including stablecoins, BTC, ETH, RWA, NFT, DEFI, Depin and other new digital assets), and building a digital asset management platform. In line with the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong released by the Government of Hong Kong in June 2025, the Offeror intends to increase the Group's investment in Web3 and AI technology innovation companies. The Offeror strives to build the Group into an innovative digital asset investment holding group. In addition to the above, the Offeror will review the Group's operations and business activities and formulate a long-term business strategy for the Group. Depending on the results of the review, the Offeror may explore other investment opportunities for the Group, seek to expand the Group's business and consider any equity, debt and other appropriate fund raising, to enhance the long-term growth potential of the Group. In the implementation of the aforesaid intentions regarding the Group, the Offeror will ensure that the Company will comply with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rules 21.04(3)(a) and (b) of the Listing Rules).

As at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Group (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as mentioned below); (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of

LETTER FROM KINGSTON SECURITIES

business; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

Proposed changes in composition of the Board

As at the Latest Practicable Date, the Offeror intends to nominate Mr. Cai for appointment as non-executive Director and the Chairman of the investment committee of the Company (the biographical details of Mr. Cai are set out in the section headed “Information on the Offeror and Mr. Cai” on pages 12 to 13 of this Composite Document) and the following persons for appointment as independent non-executive Directors at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate:

Ms. Zhang Suining (張穗寧)

Ms. Zhang, aged 46, is a certified public accountant in the PRC. She has since June 2022 been the chief financial officer of Value Capital Group (華盛集團), a Fintech company and the parent company of Valuable Capital Limited in Hong Kong. From February 2020 to June 2022, she acted as the chief financial officer of Shenzhen Kunzhan Technology Co., Ltd.* (深圳坤湛科技有限公司), a data technology service company in the PRC. From February 2016 to February 2020, she was the chief financial officer of Shenzhen Value Network Technology Co., Ltd.* (深圳價值網絡科技有限公司), a financial technology service company in the PRC. From October 2014 to February 2016, she was the financial controller of Shenzhen Zhongwangcai Network Technology Co., Ltd.* (深圳中網彩網絡技術有限公司), a leading domestic Internet lottery platform service provider. Ms. Zhang was an audit assistant and assistant manager of KPMG Huazhen Certified Public Accountants Guangzhou Branch (now known as KPMG Huazhen Certified Public Accountants LLP Guangzhou Branch) for more than four years.

Ms. Zhang obtained a bachelor’s degree in Economics (Investment Economics) and a bachelor’s degree in Management (E-commerce) from South China University of Technology (華南理工大學) in the PRC. She also holds a Master of Business Administration (Finance) degree from Cheung Kong Graduate School of Business.

Mr. Choi Kam Keung, Oscar (蔡金強)

Mr. Choi, aged 47, founded OP Diversified Investment Strategy Fund in August 2018, which is mainly engaged in global macro hedge strategy and with a value at present of approximately US\$600 million. Mr. Choi held various senior positions with Citigroup Research including managing director, Head of Citi China Research, chief china strategist and Head of Asian Real Estate Analysis during the period from 2007 to 2018. When he was with Citigroup Research, Mr. Choi had in multiple occasions been recognized by Institutional Investor, an authoritative institution in the investment community as Champion in Asia Pacific real estate sector research (individual and team), Best Analyst in the Asia-Pacific region (regardless of industry) and third place in China Macroeconomic Strategy Research. From 2004 to 2007, Mr. Choi was with DBS Vickers as vice president. He was a senior auditor with PricewaterhouseCoopers from 2002 to 2004.

LETTER FROM KINGSTON SECURITIES

Mr. Choi is a famous financial analyst in the PRC and Hong Kong. He has his own YouTube channel “金人金語”, one of the most popular Cantonese financial channels. He is also a financial columnist of various newspaper (such as Ming Pao) and a financial writer. Mr. Choi holds various public appointments such as member of Shanghai Pudong Chinese People’s Political Consultative Conference, executive vice president of Pudong Association (浦東聯會) and member of the fundraising sub-committee of the Neighbourhood Advice-Action Council. Mr. Choi obtained a bachelor’s degree in Accounting from the Hong Kong Polytechnic University and a master’s degree in Chinese History from the University of Hong Kong.

Mr. Wang Lijie (王利杰)

Mr. Wang, aged 45, is an angel investor. He is the founding partner of PreAngel Fund, an institutional angel fund which was set up in January 2011 and is currently managing assets worth approximately US\$50 million. From January 2008 to October 2011, he as its founder worked at Mobile2.0 Forum, which connects mobile internet professionals through monthly events, fostering collaboration among industry leaders, investors, entrepreneurs, and specialists. From November 2007 to November 2008, Mr. Wang acted as the Vice President of Wealink.com, which was a LinkedIn.com equivalent in the PRC. From November 2006 to November 2008, he was the Director of Application BD of Chipnuts, a semiconductor startup. He was the Head of Product Center of Mobile Data Communications Ltd. from January 2004 to November 2006. He worked at Huawei Technologies as Product Marketing Manager from July 2001 to August 2003. Mr. Wang obtained a bachelor’s degree in telecommunication engineering from Xi’an University of Posts and Telecommunications.

Mr. Wang possesses the fund practitioner qualification issued by the Asset Management Association of China. He is the Chairman of the East China Branch of the China Youth Angel Association, an Executive Director of the China Youth Angel Association and a member of the Top 50 China Angel Investment Joint Conference. Mr. Wang has published practical guide and produced audio course on angel investing.

Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min, being all the existing independent non-executive Directors, have expressed their intention to resign from their directorship after the appointment of the new independent non-executive Directors and the later of (a) the first date on which they are permitted to resign under the Takeovers Code, and (b) the date after the despatch of the interim report for the six months ended 30 June 2025.

LETTER FROM KINGSTON SECURITIES

Proposed Change of Company Name

The Offeror further intends to implement the Proposed Change of Company Name to change the English name of the Company from “China Financial Leasing Group Limited” to “CAI Corp” and adopt the Chinese name “CAI控股” as its new dual foreign name to replace its existing Chinese name “中國金融租賃集團有限公司” after the close of the Offer. An extraordinary general meeting will be convened and held by the Company for the Shareholders to consider and, if thought fit, pass a special resolution regarding the Proposed Change of Company Name. A separate circular will be issued by the Company in this regard in accordance with the Listing Rules.

The Offeror is of the view that following completion of the SP Agreements whereby the Offeror acquired a controlling shareholding in the Company, the Proposed Change of Company Name can provide the Company with a new corporate image and identity, which will strengthen its individual branding and benefit the Company’s future business development.

The Proposed Change of Company Name will not affect any rights of the holders of securities of the Company or the Company’s daily business operation and its financial position. Once the Proposed Change of Company Name becomes effective, new share certificates will be issued in the new name of the Company. All existing certificates of securities in issue bearing the present name of the Company will, upon the Proposed Change of Company Name becoming effective, continue to be evidence of title to such securities and the existing share certificates will continue to be valid for trading, settlement, registration and delivery purposes. Accordingly, there will not be any arrangement for exchange of the existing certificates of securities.

Subject to the confirmation of the Stock Exchange, the English and Chinese stock short names of the Company for trading in the Shares on the Stock Exchange will also be changed after the Proposed Change of Company Name becomes effective.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. Each of the sole director of the Offeror and the proposed new Directors to be appointed to the Board has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient Shares will be in public hands after the close of the Offer. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

LETTER FROM KINGSTON SECURITIES

COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any powers of compulsory acquisition of any Offer Share outstanding and not acquired under the Offer after the Closing Date.

ACCEPTANCE AND SETTLEMENT OF THE OFFER

Your attention is drawn to the details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

GENERAL

To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

All documents and remittances will be sent to the Offer Shareholders by ordinary post at their own risk. These documents and remittances will be sent to them at their respective addresses as they appear in the register of members, or, in case of joint holders, to the Offer Shareholder whose name appears first in the said register of members. None of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, Octal Capital, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer will be responsible for any loss or delay in transmission of such documents and remittances or any other liabilities that may arise as a result thereof.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information regarding the Offer set out in the appendices to this Composite Document and the accompanying Form of Acceptance, which form part of this Composite Document. In addition, your attention is also drawn to the “Letter from the Board”, the “Letter from the Independent Board Committee” and the letter of advice by the Independent Financial Adviser to the Independent Board Committee in respect of the Offer as set out in this Composite Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. LUI Cheuk Hang Henri
Mr. CHIU Tak Wai

Independent non-executive Directors:

Mr. HUI Yat On
Mr. CHAN Pak Lam, Tom
Dr. LAU Kin Shing, Charles
Ms. Liu Min

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
George Town
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of
business in Hong Kong:*

11/F., Wui Tat Centre
55 Connaught Road West
Hong Kong

28 July 2025

To the Offer Shareholders

Dear Sir/Madam,

MANDATORY CONDITIONAL CASH OFFER BY



ON BEHALF OF LONGLING CAPITAL LTD

TO ACQUIRE ALL THE ISSUED SHARES OF

CHINA FINANCIAL LEASING GROUP LIMITED

(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED

BY LONGLING CAPITAL LTD AND

PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

Reference is made to the Joint Announcement.

LETTER FROM THE BOARD

On 24 June 2025, the Offeror and the Company jointly announced, among others, that (a) on 13 June 2025, Vendor A and the Offeror entered into the SP Agreement A, pursuant to which Vendor A has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares A, being 95,706,441 Shares representing approximately 27.59% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$36,368,447.58 (equivalent to HK\$0.38 per Sale Share A); and (b) on 18 June 2025, Vendor B and the Offeror entered into the SP Agreement B, pursuant to which Vendor B has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares B, being 25,556,574 Shares representing approximately 7.37% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$9,711,498.12 (equivalent to HK\$0.38 per Sale Share B).

Immediately after Completion which took place on 24 June 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 121,263,015 Shares, representing approximately 34.96% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Offer Shareholders in respect of the Offer and as to acceptance of the Offer; and (iii) the letter from INCU, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Octal Capital has been appointed as financial adviser to the Company in respect of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, INCU has been appointed as the Independent Financial Adviser by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholder are concerned and as to the acceptance of the Offer.

LETTER FROM THE BOARD

THE OFFER

Principal terms of the Offer

The terms of the Offer as set out in the “Letter from Kingston Securities” are extracted below. You are recommended to refer to the “Letter from Kingston Securities” as set out in this Composite Document and the Form of Acceptance for further details.

Kingston Securities, on behalf of the Offeror, is making the Offer to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.38 in cash

The Offer Price per Offer Share is the same as the purchase price per Sale Share of HK\$0.38 paid by the Offeror to the Vendors under the SP Agreements.

As at the Latest Practicable Date, the Company had 346,897,482 Shares in issue and the Company did not have any outstanding options, warrants, derivatives or other securities which are convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had not entered into any agreement for the issue of such options, warrants, derivatives or other relevant securities which are convertible or exchangeable into Shares.

As at the date of this Composite Document, the Company has not declared any dividend and does not have any intention to make, declare or pay any future dividend or make other distribution during the Offer Period.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer, are set out in the “Letter from Kingston Securities” and Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company was incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the Main Board of the Stock Exchange. It is an investment company listed under Chapter 21 of the Listing Rules. The Group is principally engaged in short to medium term (i.e. less than one year to five years) capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. Subject to the foregoing, the Company will realise investments from time to time according to market condition which is in the opinion of the Board to be in the best interests of the Company or where the terms on which such realisation can be achieved are in the opinion of the Board to be particularly favourable to the Company. 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 Group strengthens its core business by adopting a prudent investment approach in selecting potential investment opportunities, and at the same time leveraging on favourable market conditions to maximize return.

LETTER FROM THE BOARD

Your attention is drawn to Appendices II and III of this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE GROUP

The following table sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the Latest Practicable Date; and (iii) immediately after the close of the Offer (assuming that there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer and that the Offer is fully accepted by the Offer Shareholders):

	Immediately before Completion		Immediately after Completion and as at the Latest Practicable Date		Immediately after the close of the Offer (assuming that there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer and that the Offer is fully accepted by the Offer Shareholders) (Note 1)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendors						
Vendor A	95,706,441	27.59	–	–	–	–
Vendor B	25,556,574	7.37	–	–	–	–
The Offeror and parties acting in concert with it (Note)	–	–	121,263,015	34.96	346,897,482	100.00
Other public Shareholders	225,634,467	65.04	225,634,467	65.04	–	–
	346,897,482	100.00	346,897,482	100.00	346,897,482	100.00

Notes:

- These shareholdings are for illustration purpose only. As the Company is an investment company under Chapter 21 of the Listing Rules, it is exempted from the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.
- The Offeror is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Cai.

LETTER FROM THE BOARD

INFORMATION ON THE OFFEROR AND MR. CAI

Your attention is drawn to the section headed “Information on the Offeror and Mr. Cai” in the “Letter from Kingston Securities” as set out in this Composite Document.

INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Kingston Securities” as set out in this Composite Document.

The Board is pleased to note that it is the Offeror’s intention to acquire a majority interest in the Company pursuant to the Offer and as at the Latest Practicable Date, the Offeror intended to maintain the existing listed and unlisted equity investment business of the Group immediately after the close of the Offer, and to invest in diversified investment portfolios. The Board is also aware that in addition, the Offeror intends to focus on establishing a Crypto-AI digital asset investment platform in the Group, investing in digital asset exchanges (including stablecoins, BTC, ETH, RWA, NFT, DEFI, Depin and other new digital assets), and building a digital asset management platform. In line with the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong released by the Government of Hong Kong in June 2025, the Offeror intends to increase the Group’s investment in Web3 and AI technology innovation companies. The Board further notes that the Offeror strives to build the Group into an innovative digital asset investment holding group. In addition to the above, the Offeror will review the Group’s operations and business activities and formulate a long-term business strategy for the Group. Depending on the results of the review, the Offeror may explore other investment opportunities for the Group, seek to expand the Group’s business and consider any equity, debt and other appropriate fund raising, to enhance the long-term growth potential of the Group. The Board is of the view that these intended investments fall within the scope of the Company’s principal investment objective of achieving an enhanced earnings stream and capital appreciation from its investments and that they are considered extension of existing investments by the Group within this scope, as opposed to a new business of the Company.

The Board is also aware that as at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Group (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as referred to below); (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

The Board is further aware of the Offeror’s intentions (i) to change the composition of the Board and (ii) to change the name of the Company, after the close of the Offer as mentioned in the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Kingston Securities” as set out in this Composite Document.

The Board is willing to render reasonable co-operation with the Offeror if it considers that is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The Board noted from the section headed “Maintaining the Listing Status of the Company” in the “Letter from Kingston Securities” contained in this Composite Document that the Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. Each of the sole director of the Offeror and the proposed new Directors to be appointed to the Board has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient Shares will be in public hands after the close of the Offer.

The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

LETTER FROM THE BOARD

RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 25 to 26 of this Composite Document and the “Letter from INCU” set out on pages 27 to 51 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,
By order of the Board
China Financial Leasing Group Limited
Lui Cheuk Hang Henri
Executive Director

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Offer Shareholders in respect of the Offer for inclusion in this Composite Document.



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)

28 July 2025

To the Offer Shareholders

Dear Sir/Madam,

MANDATORY CONDITIONAL CASH OFFER BY



金利豐證券
KINGSTON SECURITIES

**ON BEHALF OF LONGLING CAPITAL LTD
TO ACQUIRE ALL THE ISSUED SHARES OF
CHINA FINANCIAL LEASING GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY LONGLING CAPITAL LTD AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to the Composite Document issued jointly by the Offeror and the Company dated 28 July 2025, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Document.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Offer Shareholders as to whether or not the Offer is fair and reasonable and to make a recommendation as to the acceptance of the Offer.

INCUB has been appointed as the Independent Financial Adviser to advise us in respect of the above. Details of its advice and the principal factors taken into consideration in arriving at its recommendation are set out in the "Letter from INCUB" on pages 27 to 51 of the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Kingston Securities” and the additional information set out in the appendices to this Composite Document.

RECOMMENDATIONS

Taking into account the terms of the Offer and the advice from INCU, we consider that the Offer is fair and reasonable so far as the Offer Shareholders are concerned. Accordingly, we recommend the Offer Shareholders to accept the Offer. The Offer Shareholders are recommended to read the full text of the “Letter from INCU” set out in this Composite Document.

It has been noted that the price of the Shares has been traded substantially higher than the Offer Price, since the publication of the Joint Announcement up to the Latest Practicable Date. However, there is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period. In view of the volatility of the recent Share price and the market conditions, for those Offer Shareholders who intend to accept the Offer, they are strongly reminded to closely monitor the market price and the liquidity of the Shares during the Offer Period and consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds (after costs and expenses payable by the Offer Shareholders) from the sale of such Shares in the open market would exceed the net proceeds receivable under the Offer.

Notwithstanding our recommendation, the Offer Shareholders should consider carefully the terms of the Offer. In any case, the Offer Shareholders are strongly advised that the decision to realize or to continue to hold their Shares is subject to individual circumstances and investment objectives. If in doubt, the Offer Shareholders should consult their own professional advisers for professional advice.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
China Financial Leasing Group Limited

Mr. Hui Yat On	Mr. Chan Pak Lam, Tom	Dr. Lau Kin Shing, Charles	Ms. Liu Min
<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>	<i>Independent non-executive Director</i>

* For identification purpose only

LETTER FROM INCU

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this composite document, setting out its opinion to the Independent Board Committee and the Offer Shareholders in connection with the Offer.



INCUB Corporate Finance Limited
Unit 1402, 14/F, Winsome House,
73 Wyndham Street,
Central, Hong Kong

28 July 2025

*To: The Independent Board Committee,
the Offer Shareholders of
China Financial Leasing Group Limited*

Dear Sirs or Madams,

**MANDATORY CONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
ON BEHALF OF LONGLING CAPITAL LTD
TO ACQUIRE ALL THE ISSUED SHARES IN
CHINA FINANCIAL LEASING GROUP LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED
BY LONGLING CAPITAL LTD AND
PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Offer Shareholders in respect of the Offer, details of which are set out in the composite offer and response document dated 28 July 2025 (the “**Composite Document**”) jointly issued by the Offeror and the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

Reference is made to the Joint Announcement jointly issued by the Offeror and the Company dated 24 June 2025. On 24 June 2025, the Offeror and the Company jointly announced, among others, that (a) on 13 June 2025, Vendor A and the Offeror entered into the SP Agreement A, pursuant to which Vendor A has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares A, being 95,706,441 Shares representing approximately 27.59% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$36,368,447.58 (equivalent to HK\$0.38 per Sale Share A); and (b) on 18 June 2025, Vendor B and the Offeror entered into the SP Agreement B, pursuant to which Vendor B has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares B, being 25,556,574 Shares representing approximately 7.37% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$9,711,498.12 (equivalent to HK\$0.38 per Sale Share B).

LETTER FROM INCU

Immediately after Completion which took place on 24 June 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 121,263,015 Shares, representing approximately 34.96% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all non-executive Directors, namely Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min, has been established in accordance with Rule 2.1 of the Takeovers Code to advise the Offer Shareholders as to whether the Offer is fair and reasonable and as to acceptance of the Offer.

OUR INDEPENDENCE

We, INCU Corporate Finance Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Offer Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

During the past two years, we did not act as an independent financial adviser and has not provided any other services to the Company, the Offeror, Mr. Cai, Vendor A, Vendor B and any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. We are independent from, and are not associated with the Company, the Offeror, Mr. Cai, Vendor A, Vendor B and any party acting, or presumed to be acting, in concert with any of the above, or any company controlled by any of them. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the abovementioned parties or any party acting, or presumed to be acting, in concert with any of them, any of their respective associates, close associates or core connected persons or other parties that could be regarded as relevant to our independence. Accordingly, we are considered eligible to give independent advice in respect of the Offer to the Independent Board Committee and the Offer Shareholders in accordance with Rule 2.1 of the Takeovers Code.

LETTER FROM INCU

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations relating to the operations, financial condition and prospects of the Group contained or referred to in the Composite Document and/or provided to us by the Directors and the Offeror (where applicable). We have reviewed the information of the Company, including but not limited to, the announcements of the Company, the annual reports for the year ended 31 December 2022, 31 December 2023 and 31 December 2024 (the “**Annual Report 2022**”, “**Annual Report 2023**” and “**Annual Report 2024**”, respectively), the information contained in the Composite Document and certain published information from the public domain. We have assumed that all statements, information and representations provided by the Directors and the Offeror (where applicable) are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such statements, information, representations and/or our opinion contained in this letter as soon as possible in accordance with Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the Offeror (where applicable) in the Composite Document were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Composite Document, or the reasonableness of the opinions expressed by the Directors and the Offeror (where applicable), which have been provided to us.

Your attention is drawn to the responsibility statements as set out in the paragraph headed “1. Responsibility Statement” under the section headed “Appendix III – General Information of the Group” in the Composite Document. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Composite Document, save and except for this letter of advice.

We have not carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group. We have not considered the taxation implication on the Group or the Shareholders as a result of the Offer.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context. Shareholders will be notified of any material changes to such statements, information, opinions and/or representation as soon as possible in accordance with Rule 9.1 of the Takeovers Code if there arises any material changes of information previously provided to us by the Company or of our opinion in which event this letter shall be amended and updated.

LETTER FROM INCU

PRINCIPAL TERMS OF THE OFFER

According to the Composite Document, on 24 June 2025, the Offeror and the Company jointly announced, among others, that (a) on 13 June 2025, Vendor A and the Offeror entered into the SP Agreement A, pursuant to which Vendor A has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares A, being 95,706,441 Shares representing approximately 27.59% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$36,368,447.58 (equivalent to HK\$0.38 per Sale Share A); and (b) on 18 June 2025, Vendor B and the Offeror entered into the SP Agreement B, pursuant to which Vendor B has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the Sale Shares B, being 25,556,574 Shares representing approximately 7.37% of the total number of Shares in issue as at the date of the Joint Announcement, at a total cash consideration of HK\$9,711,498.12 (equivalent to HK\$0.38 per Sale Share B).

Immediately after Completion which took place on 24 June 2025 and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 121,263,015 Shares, representing approximately 34.96% of the total number of Shares in issue. The Offeror is therefore required under Rule 26.1 of the Takeovers Code to make a mandatory conditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

1. The Offer

Kingston Securities, for and on behalf of the Offeror and in compliance with the Takeovers Code, is making the Offer to acquire the Offer Shares on the following basis:

For each Offer Share HK\$0.38 in cash

The Offer Price is HK\$0.38 per Offer Share, which is the same as the purchase price per Sale Share paid by the Offeror to the Vendors under the SP Agreements.

As at the Latest Practicable Date, the Company had 346,897,482 Shares in issue and the Company did not have any outstanding options, warrants, derivatives or other securities which were convertible or exchangeable into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) and had not entered into any agreement for the issue of such options, warrants, derivatives or other relevant securities which were convertible or exchangeable into Shares.

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Assuming that there is no change in the total number of Shares in issue and based on the Offer Price of HK\$0.38 per Offer Share and 346,897,482 Shares in issue as at the Latest Practicable Date, all the Shares in issue are valued at HK\$131,821,043.16. As the Offeror and parties acting in concert with it hold in aggregate 121,263,015 Shares immediately after Completion, 225,634,467 Shares are subject to the Offer. Based on the Offer Price of HK\$0.38 per Offer Share, the consideration of the Offer is HK\$85,741,097.46. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrance and together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of the Composite Document). Since the Offer Shares tendered for acceptance will be acquired together with all rights and benefits attached thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made (i.e. the date of the Composite Document, the event of any declaration of dividends by the Company on or after 28 July 2025, such dividends will not be used to set off against the consideration (or any part thereof) payable to the Offer Shareholders under the Offer.

The Offer will be conditional upon valid acceptances of the Offer having been received (and where permitted, not withdrawn) on or before 4:00 p.m. on the First Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Offer Shares, which together with the Shares already held by the Offeror and the parties acting in concert with it, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company as at the Closing Date. This Condition cannot be waived.

If the Condition is not fulfilled by the First Closing Date, the Offer will lapse in accordance with the Takeovers Code, unless extended. The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the Condition in accordance with the Takeovers Code and the Listing Rules.

The maximum amount of cash payable by the Offeror in respect of full acceptances of the Offer is HK\$85,741,097.46, assuming there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer. The Offeror intends to finance the consideration payable under the Offer with its internal resources. Kingston CF, the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable upon full acceptances of the Offer.

LETTER FROM INCU

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee, the Offer Shareholders in respect of the Offer, we have taken into account the following principal factors and reasons:

1. Background and financial information of the Group

General information of the Group

The Company was 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). It is an investment company listed under Chapter 21 of the Listing Rules. The Group is principally engaged in short to medium term (i.e., less than one year to five years) capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. Subject to the foregoing, the Company will realise investments from time to time according to market condition which is in the opinion of the Board to be in the best interests of the Company or where the terms on which such realisation can be achieved are in the opinion of the Board to be particularly favourable to the Company. 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 Group strengthens its core business by adopting a prudent investment approach in selecting potential investment opportunities, and at the same time leveraging on favorable market conditions to maximize return.

Financial information of the Group

Set out below is a summary of the financial performance of the Group for the financial years ended 31 December 2022 ("FY2022"), 31 December 2023 ("FY2023") and 31 December 2024 ("FY2024") respectively as extracted from the Annual Report 2023 and Annual Report 2024:

	FY2022 (HK\$'000) <i>audited</i>	FY2023 (HK\$'000) <i>audited</i>	FY2024 (HK\$'000) <i>audited</i>
Revenue	155	758	1,150
Loss before taxation	(20,502)	(7,967)	(2,035)
Loss for the year attributable to owners of the Company	(20,502)	(7,967)	(2,035)

Table 1: Summary of the consolidated financial performance of the Group

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FY2022 vs FY2023

According to the Annual Report 2022, the revenue of the Group for FY2022 included the interest income on bank deposits of approximately HK\$0.01 million and dividend income of approximately HK\$0.15 million. The Group recorded (i) sale proceeds from the disposal of listed securities of approximately HK\$57.55 million for FY2022, which resulted in realised losses on financial assets at fair value through profit or loss (“FVTPL”) of approximately HK\$10.40 million for FY2022; and (ii) the unrealised losses on financial assets at FVTPL of approximately HK\$5.65 million for FY2022 in respect of the investment held by the Group under the market condition of the military conflict between Russia and Ukraine and the risks of the recession and inflation fear in the economy.

As shown in the above table, the Group’s total revenue for FY2023 was approximately HK\$0.76 million, representing an increase of approximately HK\$0.60 million or 375.0%, compared to the revenue of approximately HK\$0.16 million for FY2022. The increase in revenue was due to (a) the increase in interest income on bank deposits of approximately HK\$0.23 million; (b) the increase in interest income from bonds of approximately HK\$0.05 million; and (c) the increase in dividend income of approximately HK\$0.32 million.

According to the Annual Report 2023, the Group recorded (i) sale proceeds from the disposal of listed securities of approximately HK\$99.69 million for FY2023, which resulted in realised losses on financial assets at FVTPL of approximately HK\$7.17 million for FY2023; and (ii) the unrealised gains on financial assets at FVTPL of approximately HK\$2.21 million for FY2023 in respect of the investment held by the Group under the improved market condition from the ease of the inflation.

Due to (i) the increase in revenue of the Group for FY2023; and (ii) the reduction in net loss on financial assets (including both realised and unrealised gains/losses) at FVTPL for FY2023 as compared with that for FY2022, the loss for the year attributable to owners of the Company decreased from approximately HK\$20.50 million for FY2022 to approximately HK\$7.97 million for FY2023, representing a decrease of approximately HK\$12.53 million or 61.1%.

FY2023 vs FY2024

The Group’s total revenue for FY2024 was approximately HK\$1.15 million, representing an increase of approximately HK\$0.39 million or 51.3%, compared to the revenue of approximately HK\$0.76 million for FY2023. The increase in revenue was the combined effect of (a) the increase in dividend income of approximately HK\$0.46 million; (b) the increase in interest income from bonds of approximately HK\$0.12 million; and (c) the decrease in interest income on bank deposits of approximately HK\$0.19 million.

According to the Annual Report 2024, the Group (i) has increased its investment in listed debt instruments, such as retail green bonds and retail infrastructure bonds issued by the Government of Hong Kong during FY2024; and (ii) recorded sale proceeds from the disposal of listed securities of approximately HK\$188.05 million for FY2024, which resulted in realised gains on financial assets at FVTPL of approximately HK\$2.14 million for FY2024. However, the Group also recorded an unrealised losses on financial assets at FVTPL of approximately HK\$1.25 million for FY2024 in respect of the investment held by the Group.

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Due to (i) the increase in revenue of the Group; and (ii) the net gain on the financial assets (including both realised and unrealised gains/losses) at FVTPL for FY2024 as compared with a net loss on the financial assets at FVTPL for FY2023, the loss for the year attributable to owners of the Company decreased from approximately HK\$7.97 million for FY2023 to approximately HK\$2.04 million for FY2024, representing a decrease of approximately HK\$5.93 million or 74.4%.

Set out below is a summary of the financial position of the Group as at 31 December 2023 and 31 December 2024 respectively as extracted from the Annual Report 2024:

	As at 31 December 2023 (HK\$'000) <i>audited</i>	As at 31 December 2024 (HK\$'000) <i>audited</i>
Non-current assets		
Property, plant and equipment (<i>Note 1</i>)	–	–
Right-of-use assets (<i>Note 2</i>)	–	–
Refundable rental deposit	60	60
	60	60
Current assets		
Financial assets at FVTPL	58,951	74,940
Deposits and prepayments	446	26
Cash and cash equivalents	1,179	3,374
	60,576	78,340
Total assets	60,636	78,400
Current liabilities		
Accruals	373	393
Lease liabilities	93	272
	466	665
Non-current liabilities		
Lease liabilities	–	96
Total liabilities	466	761
Net current assets	60,110	77,675
Net assets	60,170	77,639

Table 2: Summary of the consolidated financial position of the Group

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Notes:

1. *As the property, plant and equipment have been fully depreciated, the net carrying amount is nil as at 31 December 2023 and 31 December 2024.*
2. *The right-of-use assets represent the office leased by the Group under a lease contract for a fixed term of two years with an inclusion of a renewable option. The lease contract will be ended on 30 April 2026. As at 31 December 2024, the right-of-use assets is nil due to the impairment loss provided under the Company's accounting policy.*

As shown in the above table, the non-current assets of the Group remained unchanged. The current assets of the Group, which mainly consists of the financial assets at FVTPL, increased from approximately HK\$60.58 million as at 31 December 2023 to approximately HK\$78.34 million as at 31 December 2024. The financial assets held by the Group as at 31 December 2023 and 31 December 2024 included equity securities listed in Hong Kong and the United States and other listed debt investments.

The following is the breakdown of the financial assets held by the Group as at 31 December 2023 and 31 December 2024 as extracted from the Annual Report 2024:

	As at 31 December 2023 (HK\$'000) <i>audited</i>	As at 31 December 2024 (HK\$'000) <i>audited</i>
Equity securities listed in Hong Kong and the United States, at cost	77,056	73,280
Listed debt investments, at cost	3,363	24,378
Net fair value loss	<u>(21,468)</u>	<u>(22,718)</u>
	<u><u>58,951</u></u>	<u><u>74,940</u></u>

As a result of the increase in the investment in listed debt instruments by the Group, the fair value of the financial assets increased from approximately HK\$58.95 million as at 31 December 2023 to approximately HK\$74.94 million 31 December 2024.

The Group had minimal liabilities as at 31 December 2023 and 31 December 2024. The current liabilities of the Group were approximately HK\$0.47 million and HK\$0.67 million as at 31 December 2023 and 31 December 2024 respectively while the non-current liabilities of the Group were nil and approximately HK\$0.10 million as at 31 December 2023 and 31 December 2024 respectively.

Dividend payment

We note that the Company has been loss-making and has not declared and distributed any dividend in the last three financial years. There is no guarantee that the Company will declare and distribute dividends to the Shareholders in future.

LETTER FROM INCU

Investment portfolio

The following was the summary of the investment portfolio and the fair value of the financial assets at FVTPL as at 30 June 2025 showing the top 10 investments as provided by the management of the Company:

Name of the financial assets	Stock code	Fair value of the financial assets at FVTPL as at 30 June 2025 (HK\$'000) <i>unaudited</i>	Percentage to the total fair value of the financial assets
Retail Green Bonds due 2026 issued by the Government of Hong Kong (HKGB RGB 2610)	4273	8,308	10.7%
Retail Infrastructure Bonds due 2027 issued by the Government of Hong Kong (HKGB RIB 2712)	4286	8,292	10.6%
Tencent Holdings Limited	700	5,533	7.1%
CSOP Hong Kong Dollar Money Market ETF	3053	5,219	6.7%
iShares Bitcoin Trust ETF	IBIT	5,000	6.4%
ChinaAMC Bitcoin ETF	3042	4,806	6.2%
iShares Ethereum Trust ETF	ETHA	4,006	5.1%
China Hanking Holdings Limited	3788	3,893	5.0%
Tracker Fund of Hong Kong	2800	3,678	4.7%
China Mobile Limited	941	3,310	4.3%
Other financial assets (<i>Note</i>)		25,816	33.2%
Total financial assets at FVTPL		77,861	100.0%

Note:

Other financial assets include equity, bonds, trusts and funds listed in Hong Kong and the United States that each comprises less than 4.2% of the portfolio.

All the financial assets held by the Group as at 30 June 2025 are listed in Hong Kong or the United States. As discussed with the management of the Company, given that the investment strategy of the Group aims for short to medium term (i.e., less than one year to five years) capital appreciation by investing in a diversified portfolio of investments, it is normal and in the ordinary course of business of the Group to purchase new equity securities or debt instruments or to dispose the Group's existing investments from time to time. Furthermore, the fair value of the financial assets are changing from time to time based on their trading price on the relevant stock exchange. The above information of the investment portfolio of the Group is for reference only and does not represent the portfolio position of the Group as at the Latest Practicable Date. Therefore, we advise the Offer Shareholders taking a holistic approach to consider various factors as discussed in this letter to justify the fairness and reasonableness of the Offer instead of solely based on the portfolio position of the Group.

2. Prospect and outlook of the Group

According to the Annual Report 2024, 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. 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 stabilization 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. However, the market experienced a quick and steep correction soon after, leaving some investors trapped at the peak of the rally. Nonetheless, the HSI rose 17.7% to close at 20,059 for FY2024, while the Hang Seng Tech Index rose 18.7% to close at 4,468 for FY2024. However, such gains remained lower than the 23.3% rise in S&P500 and 19.2% gain in Nikkei 225 indices respectively. The Directors consider that the ever-changing Sino-US relationship will continue to be a significant factor moving forward especially with President 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 President 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.

The Company is an investment company listed under Chapter 21 of the Listing Rules which principally engaged in investing in a diversified portfolio of investments in listed and unlisted securities. Since the investment portfolio of the Company may change from time to time according to market condition, we consider that the overall market condition and the performance of the equity market in Hong Kong provide a more comprehensive view of the outlook of the Group rather than focusing on any particular securities in the investment portfolio on a certain date. As such, based on the above disclosure in the Annual Report 2024, we have reviewed the Hang Seng Indexes 2024 Year-End Market Report published by the Hang Seng Indexes Company Limited. According to the report, the HSI rebounded 17.7% in the year of 2024 after falling by 13.8% in the year of 2023. Such rebound was due to the market optimism on the Chinese government’s supportive policies and the United States of America (“**U.S.**”) Federal Reserve’s rate cuts. In this regard, we have also reviewed the latest information on the website of Hang Seng Indexes Company Limited, which the HSI has been fluctuating from the lowest of 18,874.14 on 13 January 2025 to the highest of 25,667.18 on 24 July 2025 during the period from the first trading day of 2025 to the Latest Practicable Date. Due to the introduction of new tariff rates by President Trump of the U.S. on 2 April 2025 as further discussed below, there was a sharp decrease in HSI from 23,202.53 on 2 April 2025 to 19,828.30 on 7 April 2025. Although the U.S. has suspended certain reciprocal tariffs for most trading partners up to 1 August 2025 and HSI subsequently recovered to the highest of 25,667.18 on 24 July 2025, given that there is no guarantee that the trade agreements with the trade partners could be reached before the end of July and President Trump may impose or change other U.S. government’s policies from time to time, after considering the potential impact on the inflation and Federal Reserve’s monetary policies by the uncertainty of the U.S. policies as further discussed below, there is no guarantee that it would be sustainable in the future. Furthermore, with reference to the Half-Yearly Monetary and Financial Stability Report published by the Hong Kong Monetary Authority in March 2025, the global equity market encountered a notable downward correction in late February 2025

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due to concerns over economic outlook and the impact of trade policies of the U.S. The developments in the external environment will continue to influence the performance of the local equity market in Hong Kong. Changes in fiscal and trade policies under the new U.S. administration may lead to higher uncertainties over inflation risks and thus the future trajectory of interest rates in the U.S. This could have significant implications for capital flows in the global financial market. Additionally, the potential resurgence of trade tensions and growing geoeconomic fragmentation could pose downside risks to the global financial market, including Hong Kong's equity market.

Moreover, President Trump of the U.S. has imposed different degrees of tariffs on various countries, including the PRC, in his second presidency of the U.S. administration. Although, in June 2025, President Trump reported that a trade deal has been reached with the PRC that would restore the trade between two countries on an agreed tariff rates and the PRC would remove the export restrictions on rare earths minerals to the U.S. while the U.S. will allow Chinese students access to the U.S. universities, many specifics of the deal and details on how it will be implemented remain unclear according to the news by Reuters (<https://www.reuters.com/world/china/us-china-trade-talks-resume-second-day-2025-06-10/>). Furthermore, the Treasury Secretary of the U.S. indicated that the deal would not reduce the U.S. export restrictions on high-end artificial intelligence chips in return for access to China's rare earths. As such, the terms of the trade agreement between the U.S. and the PRC and its implementation remain unknown and the tariff rate or trade restriction imposed by the U.S. government may change from time to time. The risks of tariff-related inflation in U.S. may influence the expectation of the Federal Reserve's rate cut in 2025, which will in turn affect the capital flows in the global capital market, the outlook of the equity market in Hong Kong and the investment return and trading value of various investments of the Group.

After considering (i) the impact on the capital market caused by global environment including on-going trade confrontation between the U.S. and PRC, which will continue to influence the performance of Hong Kong equity market; (ii) the concern associated with the uncertainty of fiscal and trade policies of the U.S., which may affect the investment return of the financial assets held by the Group; and (iii) the net loss of the Group being recorded for FY2022, FY2023 and FY2024 as discussed in the section headed "1. Background and financial information of the Group" above in this letter, we consider that the future business environment remains challenging.

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3. Information of the Offeror and Mr. Cai

The Offeror is an investment holding company incorporated in the British Virgin Islands with limited liability on 15 May 2009 and its issued share capital as at the Latest Practicable Date comprised one share of US\$1.00 which was beneficially owned by Mr. Cai. The Offeror is principally engaged in the business of capital investments in the PRC and other countries.

Mr. Cai is the chairman and sole director of the Offeror. He is an entrepreneur and renowned investor in the Internet and technology industry in the PRC. Mr. Cai is the co-chairman (聯席主席) of the Early-stage Investment Committee of the Asset Management Association of China (中國證券投資基金業協會早期投資專委會) and an honorary chairman of the Angel Investment Union (天使聯合匯). Angel Investment Union (天使聯合匯) (previously known as China Business Angel Association (中國天使投資協會)) is the largest angel investor organization in China. It was founded in 2013 and currently has more than 220 angel investment governing units. Angel Investment Union provides growth space for investors, opportunities for entrepreneurs, development opportunities for entrepreneurs, and encourages more people to join the angel investment business. Mr. Cai has been appointed by the Government of Hong Kong as a new non-official member of the Task Force on Promoting Web3 Development for a term of two years, with effect from 1 July 2025.

In 2004, Mr. Cai established 265.com Inc. (北京二六五科技有限公司), a company that provides site navigation services. 265.com Inc. was sold to Google in 2007. Since then, Mr. Cai has become an influential figure in the Internet start-up community in the PRC.

Mr. Cai is the founder and currently a substantial shareholder of Meitu, Inc. (Hong Kong Stock Exchange Stock Code: 1357), which the principal activities of its subsidiaries and contractually controlled entities (together with their subsidiaries) are (i) to provide users with AI-driven photo, video and design products to address their needs relating to images, videos, and designs; and (ii) offering online advertising and other Internet value-added services through a globally popular portfolio of innovative image applications. Mr. Cai is also a controlling shareholder of China New Economy Fund Limited (Hong Kong Stock Exchange Stock Code: 80). Mr. Cai has invested in various technology start-ups in the PRC, including Baofeng Group Co., Ltd (暴風集團股份有限公司) (formerly listed on the Shenzhen Stock Exchange with a stock code of 300431), 58.com Inc. (NYSE: WUBA) and Feiyu Technology International Company Ltd. (Hong Kong Stock Exchange Stock Code: 1022). Mr. Cai is also the founder and chairman of Longling Capital Co., Ltd. From January 2009 to October 2013, Mr. Cai was the chairman of 4399 Network Co., Ltd (四三九九網絡股份有限公司), a software enterprise that provides Internet gaming applications and information services. He was also appointed as a part-time professor at the School of Management, Xiamen University in September 2015. From May 2011 to November 2015, Mr. Cai served as a director of 58.com Inc. Mr. Cai also held directorships in Xiamen Fei Bo Network Technology Co., Ltd (廈門飛博共創網絡科技股份有限公司) (National Equities Exchange and Quotations Stock Code: 834617) between June 2015 and October 2016, and TTG Fintech Limited (Australian Securities Exchange Ticker: TUP) between September 2012 and August 2017. Mr. Cai served as the chairman of Meitu, Inc. from July 2013 to June 2023.

4. Intentions of the Offeror in relation to the Group and the proposed changes in composition of the Board

As stated in the Composite Document, it is the Offeror's intention to acquire a majority interest in the Company pursuant to the Offer. As at the Latest Practicable Date, the Offeror intended to maintain the existing listed and unlisted equity investment business of the Group immediately after the close of the Offer, and to invest in diversified investment portfolios. In addition, the Offeror intends to focus on establishing a Crypto-AI digital asset investment platform in the Group, investing in digital asset exchanges (including stablecoins, BTC, ETH, RWA, NFT, DEFI, Depin and other new digital assets), and building a digital asset management platform. In line with the Policy Statement 2.0 on the Development of Digital Assets in Hong Kong released by the Government of Hong Kong in June 2025, the Offeror intends to increase the Group's investment in Web3 and AI technology innovation companies. The Offeror strives to build the Group into an innovative digital asset investment holding group. In addition to the above, the Offeror will review the Group's operations and business activities and formulate a long-term business strategy for the Group. Depending on the results of the review, the Offeror may explore other investment opportunities for the Group, seek to expand the Group's business and consider any equity, debt and other appropriate fund raising, to enhance the long-term growth potential of the Group. In the implementation of the aforesaid intentions regarding the Group, the Offeror will ensure that the Company will comply with the requirements under Chapter 21 of the Listing Rules (including the restrictions under Rule s 21.04(2)(a) and (b) of the Listing Rules).

As at the Latest Practicable Date, (i) the Offeror had no intention to make material changes to the employment of the employees of the Group (except for certain proposed changes to the members of the Board at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate, as mentioned below); (ii) the Offeror had no intention to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business; and (iii) no investment or business opportunity had been identified nor had the Offeror entered into any agreement, arrangement, understandings or negotiation in relation to the injection of any assets or business into the Group.

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As at the Latest Practicable Date, the Offeror intends to nominate Mr. Cai for appointment as non-executive Director and the Chairman of investment committee of the Company (the biographical details of Mr. Cai are set out in the section headed “Information on the Offeror and Mr. Cai” in the “Letter from Kingston Securities” in the Composite Document), and Mr. Wang Lijie, Ms. Zhang Suining and Mr. Choi Kam Keung, Oscar for appointment as independent non-executive Directors (the biographical details of the three nominees are set out in the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Kingston Securities” in the Composite Document) at a time no earlier than that permitted under the Listing Rules and the Takeovers Code or such later time as the Offeror considers to be appropriate. Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min, being all the existing independent non-executive Directors, have expressed their intention to resign from their directorship after the appointment of the new independent non-executive Directors and the later of (a) the first date on which they are permitted to resign under the Takeovers Code, and (b) the date after the despatch of the interim report for the six months ended 30 June 2025.

The Offeror further intends to implement the Proposed Change of Company Name to change the English name of the Company from “China Financial Leasing Group Limited” to “CAI Corp” and adopt the Chinese name “CAI 控股” as its new dual foreign name to replace its existing Chinese name “中國金融租賃集團有限公司” after the close of the Offer. The Proposed Change of Company Name will not affect any rights of the holders of securities of the Company or the Company’s daily business operation and its financial position.

Although Mr. Cai has extensive experience in investing technology start-ups in the PRC and listed companies in Hong Kong and the PRC, and the Offeror intends to establish a Crypto-AI digital asset investment platform in the Group, invest in digital asset exchanges and build a digital asset management platform, after considering that (i) the crypto-currencies and the digital asset management platforms and related investments are generally considered as high-risk investments and their market value are highly fluctuated; (ii) the Offeror has yet to provide any detailed information regarding the investment in Web3 and AI technology innovation companies or the establishment of the digital asset management platform as at the Latest Practicable Date; (iii) the implementation of long-term business strategy of the Group is subject to Offeror’s review and the performance of the proposed investments has yet to be proven; and (iv) except for the non-executive Director and three independent non-executive Directors, who will not be involved in the daily operation of the Group, nominated by the Offeror, the new executive Directors to be nominated by the Offeror have not been identified, and their background were unknown as at the Latest Practicable Date, we consider that future development of the Group after the close of the Offer and the implementation and performance of the proposed investments by the Offeror are unknown and are yet to be proven given the uncertainties of Hong Kong and global financial markets as discussed in the section headed “2. Prospect and outlook of the Group” above, and thus the prospects of the Company remains uncertain as at the Latest Practicable Date.

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5. Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offer, the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) that there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend dealings in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange following the close of the Offer. Each of the sole director of the Offeror and the proposed new Directors to be appointed to the Board has jointly and severally undertaken to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient Shares will be in public hands after the close of the Offer. The Company and the Offeror will issue a separate announcement as and when necessary in this regard.

6. Principal terms of the Offer

According to the Composite Document, the Offer Price of HK\$0.38 per Offer Share represents:

- (i) a discount of approximately 71.43% to the closing price of HK\$1.330 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 13.43% over the closing price of HK\$0.335 per Share quoted on the Stock Exchange on 12 June 2025, being the Last Trading Day;
- (iii) a premium of approximately 127.54% over the average closing price of approximately HK\$0.167 per Share quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 155.03% over the average closing price of approximately HK\$0.149 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 239.29% over the average closing price of approximately HK\$0.112 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 268.93% over the average closing price of approximately HK\$0.103 per Share quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (vii) a premium of approximately 69.64% over the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.224 as at 31 December 2024, calculated based on the Group's audited consolidated net assets attributable to owners of the Company of approximately HK\$77,639,000 as at 31 December 2024 and 346,897,482 Shares in issue as at the date of the Joint Announcement; and

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- (viii) a premium of approximately 65.22% over the unaudited net asset value per Share of approximately HK\$0.23 as at 30 June 2025 as disclosed in the Company's announcement dated 9 July 2025 as required under the Listing Rules, calculated based on the Group's unaudited consolidated net assets attributable to owners of the Company of approximately HK\$79,475,000 and 346,897,482 Shares in issue as at 30 June 2025.

Historical Share price performance

In order to assess the fairness and reasonableness of the Offer Price, we have reviewed the chart and table that illustrate the historical daily closing price as quoted on the Stock Exchange during (i) the period commencing from 12 June 2024 up to and including the Last Trading Day (the “**Pre-Announcement Period**”), being approximately one year prior to the Last Trading Day; and (ii) the period commencing from 25 June 2025 (i.e. the trading day right after the resumption of trading of the Shares after the Joint Announcement) to the Latest Practicable Date (the “**Post-Announcement Period**”) (collectively, the “**Review Period**”). We consider that the Review Period is adequate as it represents a reasonable period to reflect a general overview of the historical price movement of the Shares that covers a full year prior to the Last Trading Day, which includes the release of the interim results for the six months ended 30 June 2024 (“**HY2024**”) and the annual results for FY2024, and avoids any short-term fluctuation of the Share price, which may distort our analysis. The following chart sets out the daily closing price and trading volume of the Shares on the Stock Exchange during the Review Period:

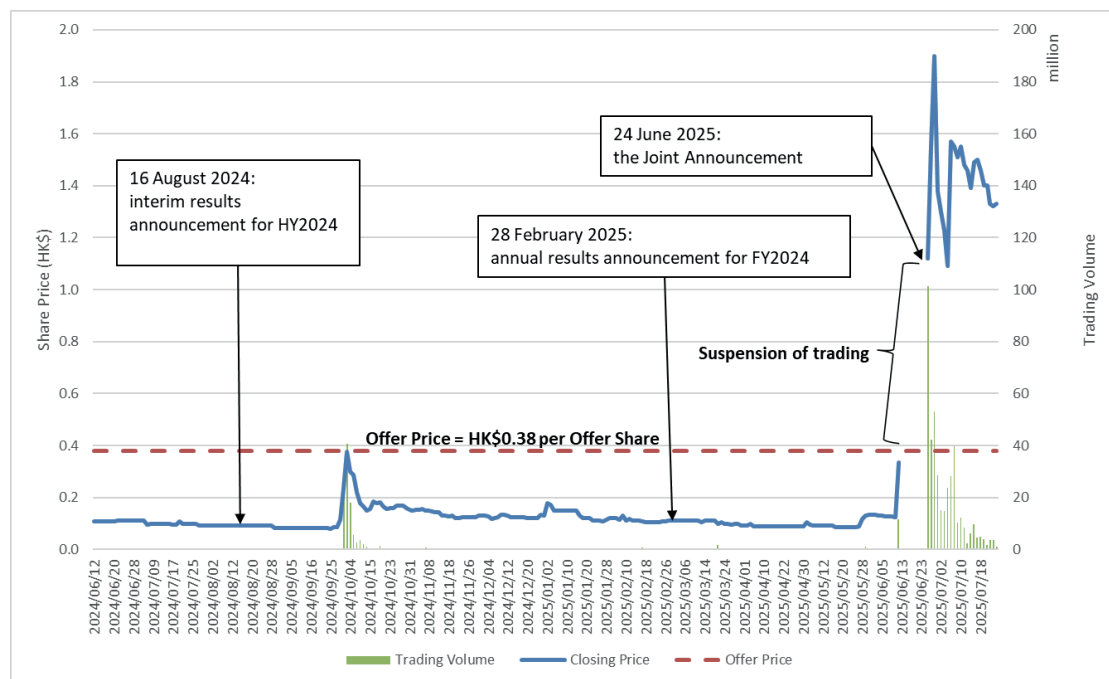


Chart 1: Historical closing price and trading volume of the Shares during the Review Period
Source: website of the Stock Exchange (www.hkex.com.hk)

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As shown in the above Chart 1, during the Pre-Announcement Period, the daily closing price of the Shares ranged from the lowest of HK\$0.080 per Share on 25 September 2024 to the highest of HK\$0.375 per Share on 3 October 2024, with an average closing price of HK\$0.116 per Share. The Offer Price of HK\$0.380 per Offer Share is higher than the closing price of Shares and represents a premium of approximately 227.59% over the average closing price during the Pre-Announcement Period. We note that the closing price of the Shares was highly fluctuated in the early October 2024 and on the trading day before the Joint Announcement. As advised by the Directors, they are not aware of any specific reasons for the aforesaid closing price fluctuation of the Shares during the Pre-Announcement Period, particularly in October 2024.

Trading in the Shares on the Stock Exchange has been halted on 12 June 2025 at the request of the Company pending the release of the Joint Announcement and has been subsequently resumed on 25 June 2025. During the Post-Announcement Period, the daily closing price of the Shares ranged from the lowest of HK\$1.090 per Share on 4 July 2025 to the highest of HK\$1.900 per Share on 27 June 2025, with an average closing price of HK\$1.423 per Share. The highest and the average daily closing price of the Shares represents a premium of approximately 400.0% and 274.5% over the Offer Price. As advised by the Directors, they are not aware of any specific reasons for the aforesaid closing price fluctuation of the Shares during the Post-Announcement Period. We are uncertain if the upward movement of the closing price of the Shares during the Post-Announcement Period is the result of the market reaction from the Joint Announcement on the Offeror or if it is due to any other reasons. However, there is no guarantee that the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period even though the Offer Price is below the range of the closing price of the Shares during the Post-Announcement Period given the volatility of the Shares and the market conditions in this period.

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Trading volume of the Shares

In addition to the historical closing price of the Shares, we have also reviewed the trading volume of the Shares during the Review Period. The table below summarizes the trading volume of the Shares during the Review Period:

Month	Total trading volume of Shares (Shares)	Number of trading days (days)	Approximate average daily trading volume of the Shares (Shares)	Approximate percentage of average daily trading volume to the total number of issued Shares held by public Shareholders (Note)
Pre-Announcement Period				
2024				
12 June to 30 June	672,575	13	51,737	0.023%
July	915,500	22	41,614	0.018%
August	359,000	22	16,318	0.007%
September	206,912	19	10,890	0.005%
October	1,005,288	21	47,870	2.122%
November	3,007,239	21	143,202	0.063%
December	871,251	20	43,563	0.019%
2025				
January	504,549	19	26,555	0.012%
February	1,627,250	20	81,363	0.036%
March	2,232,048	21	106,288	0.047%
April	368,890	19	19,415	0.009%
May	2,852,100	20	142,605	0.063%
1 June to Last Trading Day	12,117,953	9	1,346,439	0.597%
Post-Announcement Period				
2025				
25 June to 30 June	225,130,995	4	56,282,749	24.944%
2 July to the Latest Practicable Date	193,672,115	18	10,759,562	4.769%

Source: Website of the Stock Exchange (www.hkex.com.hk)

Note: The percentage is calculated based on the approximate average daily trading volume of the Shares divided by the total number of issued Shares held by public Shareholders, which represents the total number of issued Shares at the end of each month or period subtracted by the number of issued Shares held by the Vendors.

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During the Pre-Announcement Period, the average daily trading volume of the Shares ranged between 10,890 and 4,787,090 Shares, representing approximately 0.005% and 2.122% of the total number of issued Shares held by the public Shareholders at the end of the relevant months respectively. During the Post-Announcement Period, the average daily trading volume of the Shares was ranged between 10,759,562 Shares and 56,282,749 Shares, representing approximately 4.769% and 24.944% of the total number of issued Shares held by the public Shareholders at the Latest Practicable Date and the end of June 2025 respectively. Save for the average daily trading volume of the Shares to the total number of issued Shares held by the public Shareholders in October 2024 and during the period from 1 June 2024 to the Last Trading Day and the Post-Announcement Period, the average daily trading volume of the Shares in other months/periods during the Review Period represents less than 0.07% of the total number of the Shares held by public Shareholders, the liquidity of the Shares during the Review Period has been, in our view, generally thin. Although there is an increment in the trading volume of the Shares during the Post-Announcement Period, given that the Post-Announcement Period includes 22 trading days only, there is no guarantee that such short-term increment in trading volume would be sustainable and the Offer Shareholders may encounter difficulties to execute on-market disposals without adversely affecting the price of the Shares after the close of the Offer, if they consider to retain their Shares under the Offer.

Comparable analysis

To further evaluate the fairness and reasonableness of the Offer Price, we have conducted comparable companies analysis to compare the Offer Price against the market valuation of other comparable companies using the commonly adopted comparison benchmarks in the evaluation of a company. For comparison purpose, we have considered the price-to-earnings ratio (“**P/E Ratio**”) and price-to-book ratio (“**P/B Ratio**”), which are the most commonly adopted valuation benchmark in the course of valuation of companies. However, given that the Group recorded net loss attributable to owners of the Company for FY2023 and FY2024, the P/E Ratio is not applicable in this case. As the companies listed under Chapter 21 of the Listing Rules are required to announce their monthly net asset value under the Listing Rules, which could reflect the size of the financial assets being put under investment, we consider that the financial information for the calculation of P/B Ratio can be fairly and directly obtained from publicly available information and would be sufficient to reflect their latest value as compared with other valuation benchmark. Therefore, we have adopted the P/B Ratio as the valuation benchmark for our market comparable analysis.

We have selected all comparable companies that are listed on the Stock Exchange under Chapter 21 of the Listing Rules, of which the shares are not in prolonged suspension. We have identified 19 listed companies that have fulfilled the above criteria (the “**Comparable Companies**”). Since the investment portfolio of these Comparable Companies may change from time to time, we did not take the factors of the investment portfolio mix into account as a selection criterion for the Comparable Companies. We are of the view that the Comparable Companies have been exhaustively identified and form a fair, reasonable, appropriate and representative sample for the purpose of drawing a meaningful comparison given that their principal activities and investment objective are investing in listed and unlisted securities and companies and they are all listed on the Stock Exchange under Chapter 21 of the Listing Rules despite the fact that their investment portfolios could be different from one another.

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Set out below is the summary of our market comparable analysis:

No.	Stock code	Company name	Market capitalisation (HK\$ million) (Note 1)	Net asset value (HK\$ million) (Note 2)	P/B Ratio (Note 3)
1	80	China New Economy Fund Limited	527.88	52.79	10.00
2	133	China Merchants China Direct Investments Limited	2,486.07	6,125.31	0.41
3	204	Capital Realm Financial Holdings Group Limited	53.44	214.81	0.25
4	339	China Sci-Tech Industrial Investment Group Limited	97.63	6.52	14.97
5	356	DT Capital Limited	202.41	60.18	3.36
6	428	Cocoon Holdings Limited	26.03	122.12	0.21
7	612	Ding Yi Feng Holdings Group International Limited	523.08	484.04	1.08
8	721	China Financial International Investments Limited	614.41	219.43	2.80
9	768	UBA Investments Limited	63.59	96.65	0.66
10	770	Shanghai International Shanghai Growth Investment Limited	5.83	10.07	0.58
11	810	China Castson 81 Finance Company Limited	25.46	27.15	0.94
12	905	Walnut Capital Limited	1,943.43	218.50	8.89
13	913	Harbour Digital Asset Capital Limited	136.60	179.18	0.76
14	1062	China Development Bank International Investment Limited	325.05	982.69	0.33
15	1140	Wealthink AI-Innovation Capital Limited	988.91	10,120.55	0.10
16	1160	Goldstone Capital Group Limited	55.76	5.46	10.22
17	1217	China Innovation Investment Limited	166.42	563.27	0.30
18	1226	China Investment and Finance Group Limited	449.73	177.42	2.53
19	2324	Capital VC Limited	60.32	329.63	0.21
				Maximum	14.97
				Minimum	0.10
				Average	3.08
				Median	0.76
	2312	the Company	131.821 (Note 4)	79.48	1.65 (Note 5)

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Notes:

1. *The market capitalisation is calculated based on the closing price and the number of issued shares (excluding treasury shares) of the Comparable Companies as at the Latest Practicable Date.*
2. *The net asset value of the Comparable Companies is calculated based on the latest published net asset value per share and the number of issued shares (excluding treasury shares) of the Comparable Companies as at the Latest Practicable Date.*
3. *The P/B Ratio of the Comparable Companies is calculated based on their closing price as at the Latest Practicable Date divided by their latest published net asset value per share.*
4. *The implied market capitalisation of the Company is calculated by multiplying the Offer Price by the number of issued Shares as at the Latest Practicable Date.*
5. *The implied P/B Ratio of the Company is calculated based on the Offer Price divided by the unaudited net asset value per Share as at 30 June 2025.*
6. *An exchange rate of US\$1 to HK\$7.85 is adopted for net asset value presented in US\$ in the announcement of the Comparable Companies.*

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As shown in the above table, the P/B Ratio of the Comparable Companies ranged from 0.10 to 14.97, with an average of 3.08 and a median of 0.76. Although the implied P/B Ratio of the Company of 1.65 is lower than the average of the P/B Ratio of the Comparable Companies, it is within the range and higher than the median of the P/B Ratio of the Comparable Companies.

Based on our analysis of historical share price performance, trading volume of the Shares and comparable analysis above, after considering that (i) as illustrated in Chart 1 under the paragraph headed “Historical Share price performance” above, the Offer Price represents a premium of approximately 227.59% over the average closing price of Shares during the Pre-Announcement Period; (ii) the Offer Price also represents a premium of approximately 69.64% and 65.22% over the audited consolidated net assets attributable to owners of the Company per Share of approximately HK\$0.224 as at 31 December 2024 and the unaudited net asset value per Share of approximately HK\$0.23 as at 30 June 2025 respectively; (iii) as discussed under the paragraph headed “Trading volume of the Shares” above, the low liquidity of the Shares in the Pre-Announcement Period might cause difficulty for the Offer Shareholders to dispose of their Shares in the market; and (iv) the implied P/B Ratio of the Company is within the range and higher than the median of the P/B Ratio of the Comparable Companies, we consider that the Offer Price is fair and reasonable, and the Offer provides an opportunity for the Offer Shareholders who would like to realise their investments in the Shares at the Offer Price, especially for those holding a large block of the Shares, as the closing price of the Shares in the Post-Announcement Period may not be sustainable.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, in particular, that:

- (i) although the net loss of the Group has been reducing, the Group was still loss-making for FY2022, FY2023 and FY2024 and has not declared and distributed any dividend in the last three financial years;
- (ii) no detailed business plan on the implementation of the Offeror’s intention for the future development of the Group has been provided and the performance of the proposed investments has yet to be proven as at the Latest Practicable Date;
- (iii) despite the recovery of HSI in the second quarter of 2025, the outlook and prospect of the Group remains uncertain given that the global financial market is still challenging under the uncertainty of the U.S. trade policies;
- (iv) the execution of the business strategy proposed by the Offeror is uncertain as the new executive Directors to be nominated by the Offeror have not yet been identified and their background were unknown as at Latest Practicable Date;
- (v) the Offer Price is well above the closing price of Shares and the trading volume of the Share is thin during the Pre-Announcement Period;

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- (vi) despite the fact that the Share price has been trading over the Offer Price during Post-Announcement Period, it is uncertain if the Share price will or will not sustain and will or will not be higher than the Offer Price during and after the Offer Period given that our review of the Post-Announcement Period includes 22 trading days only and is shorter than our review of the Pre-Announcement Period of approximately one year and the Offer Shareholders may encounter difficulties to execute on-market disposals without adversely affecting the price of the Shares after the close of the Offer, if they consider to retain their Shares under the Offer, as discussed in our analysis in the paragraph headed “Historical Share price performance” and “Trading volume of the Shares” above;
- (vii) the Offer Price is at a premium over the audited consolidated net assets attributable to owners of the Company per Share as at 31 December 2024 and the unaudited net asset value per Share as at 30 June 2025; and
- (viii) the implied P/B Ratio of the Company is lower than the average but within the range and is higher than the median of the P/B Ratio of the Comparable Companies,

we are of the view that the terms of the Offer (including the Offer Price) are fair and reasonable so far as the Company and the Offer Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Offer Shareholders to accept the Offer (subject to the following warning statements). The Offer Shareholders should read carefully the procedures for acceptance of the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance, if they wish to accept the Offer.

Nonetheless, we note that the Shares have been trading substantively above the Offer Price since the date of the Joint Announcement up to the Latest Practicable Date. The Offer Shareholders should, having regard to their own circumstances, in particular their purchase cost of the Shares, consider selling their Shares in the open market instead of accepting the Offer in the event that the net sale proceeds, net of all transaction costs, exceed the amount receivable under the Offer. However, the Offer Shareholders who wish to realise their investments in the Company in the open market are reminded to monitor the trading price and liquidity of the Shares during the Offer Period given the volatility of the market conditions.

We would like to remind the Offer Shareholders that, if they consider retaining their Shares under the Offer, they should (i) carefully consider the potential difficulties they may encounter in disposing of their investments in the Shares after the close of the Offer due to the historical low liquidity of the Shares; and (ii) closely monitor the development of the Group and any announcements of the Company regarding the Offeror’s business and investment plan during and after the Offer Period.

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As different Offer Shareholders would have different investment criteria, objectives, risk preference and tolerance level and/or circumstances, we would recommend any Offer Shareholder who may require advice in relation to any aspect of the Composite Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser before making the decision to, whether or not, accept the Offer or disposing any of their Shares in the open market.

Yours faithfully,

For and on behalf of

INCU CORPORATE FINANCE LIMITED

Gina Leung

Psyche So

Managing Director

Associate Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

Ms. Psyche So is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over seven years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

1. GENERAL PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the accompanying Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Offer.

- (a) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer, by post or by hand, to the Registrar, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong in an envelope marked **“China Financial Leasing Group Limited – Cash Offer”** as soon as possible but in any event so as to reach the Registrar no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and the Offeror and the Company may jointly announce with the consent of the Executive in accordance with the Takeovers Code.
- (b) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your Shares, you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver in an envelope marked **“China Financial Leasing Group Limited – Cash Offer”** the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver in an envelope marked **“China Financial Leasing Group Limited – Cash Offer”** the duly completed and signed Form of Acceptance together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer to the Registrar; or

- (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf in respect of the number of Shares for which you intend to accept the Offer on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (c) If the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be duly completed, signed and delivered in an envelope marked **"China Financial Leasing Group Limited – Cash Offer"** to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed and signed in accordance with the instructions given, should be provided to the Registrar.
- (d) If you have lodged transfer of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it in an envelope marked **"China Financial Leasing Group Limited – Cash Offer"** to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Kingston Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

- (e) Acceptance of the Offer will be treated as valid only if the duly completed and signed Form of Acceptance is received by the Registrar no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive in accordance to the Takeovers Code) and the Registrar has recorded that the acceptance and the relevant documents as required under this paragraph have been so received, and is:
 - (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the number of Shares for which you intend to accept the Offer and, if that/those share certificate(s) is/are not in your name, such other document(s) in order to establish your right to become the registered holder of the relevant Shares; or
 - (ii) from a registered Offer Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange.
- (f) If the Form of Acceptance is executed by a person other than the registered Offer Shareholder, appropriate documentary evidence of authority to the satisfaction of the Registrar must be produced.
- (g) Seller's ad valorem stamp duty (rounded up to the nearest HK\$1) for transfer of Shares registered in the seller's name by the Company through the Registrar arising in connection with acceptance of the Offer will be payable by the relevant Offer Shareholders at a rate of 0.1% of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the cash amount payable by the Offeror to such Offer Shareholder on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Offer Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- (h) No acknowledgement of receipt of any Form of Acceptance and/or share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

- (i) If the Offer does not become, or is not declared, unconditional as to acceptances on the First Closing Date, the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) received by the Registrar, lodged with Form of Acceptance will be returned to the relevant Offer Shareholders who have accepted the Offer by ordinary post as soon as possible but in any event within 7 Business Days after the Offer has lapsed.

2. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended, with the consent of the Executive, in accordance with the Takeovers Code, the Form of Acceptance must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the Form of Acceptance to be valid, and the Offer will be closed on the Closing Date.
- (b) The Offeror and the Company will jointly issue an announcement through the websites of the Stock Exchange and the Company no later than 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired.
- (c) In the event that the Offeror decides to extend the Offer, at least 14 days' notice by way of announcement will be given, before the latest time and date for acceptance of the Offer, to those Offer Shareholders who have not accepted the Offer.
- (d) If the Offeror revises the terms of the Offer, all Offer Shareholders, whether or not they have already accepted the Offer will be entitled to the revised terms. The revised Offer must be kept open for at least 14 days following the date on which the revised offer document is posted.
- (e) If the Closing Date is extended, any reference in this Composite Document and in the Form of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date so extended.

3. ANNOUNCEMENTS

- (a) As required under Rule 19 of the Takeovers Code, by 6:00 p.m. on the Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement in accordance with the requirements of the Listing Rules by 7:00 p.m. on the Closing Date stating whether the Offer has been extended, revised or has expired. Such announcement must state the following:
 - (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;

- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror and the parties acting in concert with it before the Offer Period;
 - (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired by the Offeror and parties acting in concert with it during the Offer Period;
 - (iv) details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror and parties acting in concert with it have borrowed or lent, save for any borrowed Shares which have been either on-lent or sold; and
 - (v) the percentages of the relevant classes of issued share capital of the Company, and the percentages of voting rights, represented by these numbers.
- (b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete and in good order, and which have been received by the Registrar by no later than 4:00 p.m. on the Closing Date, being the latest time and date for acceptance of the Offer, shall be included.
- (c) As required under the Takeovers Code and the Listing Rules, any announcement in relation to the Offer, in respect of which the Executive has confirmed that it has no further comments, will be published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.cflg.com.hk).

4. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Offer Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in subparagraph (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw his/her/its acceptance after 21 days from the First Closing Date and if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw his/her/its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.
- (b) If the Offeror is unable to comply with the requirements set out in paragraph 3 of this Appendix I headed “Announcements” above, the Executive may require pursuant to Rule 19.2 of the Takeovers Code that the Offer Shareholders who have tendered acceptance to the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirement of Rule 19 of the Takeovers Code can be met.

In such case, when the Offer Shareholders withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event no later than 7 Business Days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to the relevant Offer Shareholder(s).

5. SETTLEMENT OF THE OFFER

Provided that the accompanying Form of Acceptance for the Shares, together with the share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are valid, complete and in good order and have been received by the Registrar no later than 4:00 p.m. on the Closing Date, a cheque for the amount due to each of the accepting Offer Shareholders in respect of the Shares tendered under the Offer (less seller's ad valorem stamp duty payable by him/her/it) will be despatched to the accepting Offer Shareholders by ordinary post at his/her/its own risk as soon as possible but in any event within 7 Business Days after the later of (i) the date of receipt of all relevant documents to render such acceptance complete and valid by the Registrar in accordance with the Takeovers Code and (ii) the date on which the Offer becomes or is declared unconditional.

Settlement of the consideration to which any accepting Offer Shareholder is entitled under the Offer will be paid by the Offeror in full in accordance with the terms of the Offer (save with respect of the payment of seller's ad valorem stamp duty) set out in this Composite Document (including this Appendix I) and the accompanying Form of Acceptance, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Offer Shareholder.

6. OVERSEAS OFFER SHAREHOLDERS

The making of the Offer to the Overseas Offer Shareholders may be prohibited or affected by the laws of the relevant jurisdictions in which they are resident. Overseas Offer Shareholders should obtain appropriate legal advice regarding the implications of the Offer in the relevant jurisdictions or keep themselves informed about and observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas Offer Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of all relevant jurisdictions in connection with the acceptance of the Offer (including but not limited to the obtaining of any governmental, exchange control or other consents and any registration or filing which may be required and the compliance with all other necessary formalities, regulatory and/or legal requirements and the payment of any transfer or other taxes due from such Shareholder). The Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer shall be entitled to be fully indemnified and held harmless by the Overseas Offer Shareholders for any taxes they may be required to pay. Acceptance of the Offer by any Overseas Offer Shareholder will be deemed to constitute a warranty by such person that such person is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws and regulations. Overseas Offer Shareholders

should consult their professional advisers if in doubt. Overseas Offer Shareholders who are in doubt as to the action they should take should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

7. TAX IMPLICATIONS

Offer Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offer. It is emphasised that none of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer is in a position to advise the Offer Shareholders on their individual tax implications, nor do they accept responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Offer.

8. GENERAL

- (a) All communications, notices, Form of Acceptance, certificates, transfer receipts and other documents of title and/or of indemnity and/or of any other nature to be delivered by or sent to or from the Offer Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with it, the Company, Kingston Securities, Kingston CF, the Independent Financial Adviser, the Registrar, their respective ultimate beneficial owners, directors, officers, advisers, associates, agents or any persons involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result thereof.
- (b) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and Kingston Securities that the Shares tendered under the Offer are sold or tendered by such Offer Shareholder(s) free from all Encumbrances and together with all rights and benefits attached thereto, including all rights to any dividends or other distributions, declared, made or paid on or after the date on which the Offer is made (i.e. the date of despatch of this Composite Document).
- (c) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owners who accept the Offer.
- (d) The provisions set out in the accompanying Form of Acceptance form part of the terms of the Offer.
- (e) The accidental omission to despatch this Composite Document and/or the accompanying Form of Acceptance or either of them to any person to whom the Offer is made shall not invalidate the Offer in any way.

- (f) The Offer and all acceptances will be governed by and construed in accordance with the laws of Hong Kong.
- (g) Due execution of the Form of Acceptance will constitute an irrevocable authority to the Offeror and/or Kingston Securities and/or such person or persons as any of them may direct to complete and execute on behalf of the person(s) accepting the Offer, and to do any other act(s) that may be necessary or expedient for the purpose of vesting in the Offeror, or such person or persons as it may direct the Shares in respect of which such person has accepted the Offer.
- (h) The Offer is made in accordance with the Takeovers Code.
- (i) References to the Offer in this Composite Document and in the Form of the Acceptance shall include any extension and/or revision thereof.
- (j) The English texts of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 respectively, as extracted from the published annual reports of the Company for the relevant years.

	For the year ended 31 December		
	2024	2023	2022
	HK\$'000	HK\$'000	HK\$'000
	(audited)	(audited)	(audited)
Revenue	1,150	758	155
Net gain/(loss) on financial assets at fair value through profit or loss	885	(4,951)	(16,044)
Gains on disposal of subsidiaries	–	–	1
Other income	6	22	–
Administrative expenses	(4,052)	(3,781)	(4,593)
Finance costs	(24)	(15)	(21)
Loss before tax	(2,035)	(7,967)	(20,502)
Income tax expense	–	–	–
Loss for the year/period attributable to owners of the Company	(2,035)	(7,967)	(20,502)
Total comprehensive income for the year/period attributable to owners of the Company	(2,035)	(7,967)	(20,502)
Dividend	–	–	–
Loss per share			
–Basic (HK cents per share)	(0.62)	(4.40)	(11.32)
–Diluted (HK cents per share)	N/A	N/A	(11.32)

There were no profit or loss attributable to non-controlling interests, comprehensive income attributable to non-controlling interests, other items of any income which is material in respect of the consolidated income statement of the Group for each of the three years ended 31 December 2022, 2023 and 2024 respectively.

The auditors of the Company for the three years ended 31 December 2022, 2023 and 2024 were RSM Hong Kong. There were no qualifications in the auditor's report on the consolidated financial statements of the Company for each of the years ended 31 December 2022, 2023 and 2024.

There was no change in accounting policy applicable to the three years ended 31 December 2022, 2023 and 2024 which rendered the financial figures not comparable to a material extent.

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2022, 2023 AND 2024

The financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 respectively has been set out in the annual reports of the Company for the relevant years and is available on the website of the Company (www.cflg.com.hk) and the website of the Stock Exchange (www.hkexnews.hk) as specifically set out below:

- the annual report of the Company for the year ended 31 December 2022 (pages 72 to 153), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0310/2023031000017.pdf>

- the annual report of the Company for the year ended 31 December 2023 (pages 69 to 153), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0318/2024031800192.pdf>

- the annual report of the Company for the year ended 31 December 2024 (pages 73 to 137), which is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0324/2025032400332.pdf>

3. INDEBTEDNESS STATEMENT OF THE GROUP

As at the close of business on 31 May 2025, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this Composite Document, the Group had total indebtedness of approximately HK\$257,299, consisting of lease liabilities of HK\$257,299.

Save as aforesaid, at the close of business on 31 May 2025, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

4. MATERIAL CHANGE IN RESPECT OF THE GROUP

The Directors confirm that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>7,500,000,000 Shares of HK\$0.04 each</u>	<u>300,000,000</u>
 <i>Issued</i>	
<u>346,897,482 Shares of HK\$0.04 each</u>	<u>13,875,899.28</u>

As at the Latest Practicable Date, there were no outstanding options, warrants or conversion rights affecting Shares (including any derivatives or other securities which may confer any rights to the holders thereof to subscribe for, convert or exchange into Shares).

All of the Shares currently in issue are fully paid up and rank pari passu in all respects with each other, including all rights in respect of capital, dividends and voting.

The number of Shares in issue as at 31 December 2024, being the date to which the latest audited consolidated financial statements of the Company were made up to, was 346,897,482.

Since 31 December 2024 and up to the Latest Practicable Date:

- (a) the Company has not issued any Shares, options, warrants or conversion rights affecting Shares (including any derivatives or other securities which may confer any rights to the holders thereof to subscribe for, convert or exchange into Shares) and has not entered into any agreement for the issue of any of such securities; and
- (b) no Shares have been issued or repurchased by the Company or any of its subsidiaries.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and their respective associates nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange; or (d) to be disclosed in this Composite Document pursuant to the Takeovers Code.

(b) Interests and short positions of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Name of Shareholders	Capacity	Number of Shares held/ interested (Note 1)	Approximate percentage of the total issued share capital of the Company
			(Note 3)
The Offeror	Beneficial owner	121,263,015 (L)	34.96
Mr. Cai Wensheng	Interest in a controlled corporation (Note 2)	121,263,015 (L)	34.96

Notes:

- (1) The letter "L" denotes long position in the Shares.
- (2) The Offeror is owned as to 100% by Mr. Cai Wensheng. By virtue of Part XV of the SFO, Mr. Cai Wensheng is deemed to be interested in all the Shares held by the Offeror.
- (3) Calculated based on the number of issued Shares as at the Latest Practicable Date.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company under section 336 of the SFO.

4. DEALINGS IN SECURITIES OF THE COMPANY AND THE OFFEROR

During the Relevant Period and up to the Latest Practicable Date:

- (a) none of the Company or the Directors had dealt for value in any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (b) no Director owned or controlled any Shares, warrants, share options, derivatives and securities carrying conversion or subscription rights into Shares;
- (c) none of the Company and the Directors owned or controlled any shares in the Offeror, warrants, share options, derivatives and securities carrying conversion or subscription rights into shares in the Offeror;
- (d) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (excluding exempt principal traders and exempt fund managers) had dealt in any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (e) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code, and no such person had owned, controlled or dealt for value in any shares or any convertible securities, warrants, options or derivative of the Company;
- (f) no Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company and no such person had dealt for value in any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (g) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares;
- (h) no person had irrevocably committed himself/herself/itself to accept or reject the Offer; and

- (i) there was no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeover Code) between any Shareholders on the one hand and the Company, its subsidiaries or associated companies on the other hand.

5. ARRANGEMENTS AFFECTING AND RELATING TO DIRECTORS

As at the Latest Practicable Date:

- (a) no benefit (other than statutory compensation) had been given or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;
- (b) there was no agreement or arrangement between any of the Directors and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer; and
- (c) no material contracts had been entered into by the Offeror or any party acting in concert with it in which any Director had a material personal interest.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially and adversely affect the operations of the Company and no litigation, arbitration or claims which would materially and adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any members of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contract with the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six months preceding the commencement of the Offer Period; or (b) was a continuous contract with a notice period of 12 months or more; or (c) was fixed term contract that has more than 12 months to run irrespective of the notice period.

8. MATERIAL CONTRACT

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which have been entered into by any member of the Group after the date falling two years immediately preceding the commencement date of the Offer Period, and up to the Latest Practicable Date:

- (a) the underwriting agreement dated 1 December 2023 entered into between the Company and Lego Securities Limited as underwriter in respect of the proposed issue by the Company by way rights on the basis of one rights Share for every one Share in issue and held on 23 January 2024 at the subscription price of HK\$0.12 per rights Share.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert whose letter or opinion is contained in this Composite Document:

Name	Qualification
INCU	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its letter, advice or report as the case may be and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

10. GENERAL

- (a) The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, George Town, Grand Cayman KY1-1111, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at 11/F., Wui Tat Centre, 55 Connaught Road West, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong.
- (d) The company secretary is Mr. Paul Yau, who is a qualified solicitor of the High Court of Hong Kong.
- (e) The registered office of Octal Capital is at 801-805, 8/F Nan Fung Tower, 88 Connaught Road Central, Central, Hong Kong.
- (f) The registered office of INCU, is at Unit 1402, 14/F, Winsome House, 73 Wyndham Street, Central, Hong Kong.
- (g) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their Chinese text for the purpose of interpretation.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be available for inspection on the website of the SFC at www.sfc.hk and the Company's website at www.cflg.com.hk during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2023 and 2024;
- (c) the letter from the Board, the text of which is set out on pages 18 to 24 of this Composite Document;
- (d) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this Composite Document;
- (e) the letter from INCU, the Independent Financial Adviser, the text of which is set out on pages 27 to 51 of this Composite Document;
- (f) the material contract referred to in the paragraph headed "Material Contract" in this Appendix; and
- (g) the written consent referred to under the paragraph headed "Expert's Qualification and Consent" in this Appendix.

1. RESPONSIBILITY STATEMENT

The sole director of the Offeror accepts full responsibility for the accuracy of information contained in this Composite Document (other than any information relating to the Vendors, parties acting in concert with each of them and the Group), and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement in this Composite Document misleading.

2. DEALINGS AND INTERESTS IN SECURITIES OF THE COMPANY

As at the Latest Practicable Date, details of interests in the Shares, underlying Shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror, its directors and parties acting in concert with it were as follows:

Name of Offeror/its director/parties acting in concert with it	Capacity	Number of Shares held/interested (Note 1)	Approximate % of interest (Note 3)
The Offeror	Beneficial owner	121,263,015 (L)	34.96
Mr. Cai Wensheng	Interest in a controlled corporation(Note 2)	121,263,015 (L)	34.96

Notes:

- (1) The letter "L" denotes long position in the Shares.
- (2) The Offeror is owned as to 100% by Mr. Cai Wensheng. By virtue of Part XV of the SFO, Mr. Cai Wensheng is deemed to be interested in all the Shares held by the Offeror.
- (3) Calculated based on the number of issued Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror, its directors and parties acting in concert with it had any interest in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company, nor any of them owned or had control or direction over any voting rights or rights over Shares or convertible securities, warrants, options of the Company or any derivatives in respect of such securities.

3. OTHER ARRANGEMENTS IN RELATION TO THE OFFER

The Offeror confirms that, as at the Latest Practicable Date:

- (a) save for the acquisition by the Offeror from the Vendors of an aggregate of 121,263,015 Sale Shares (representing approximately 34.96% of the total number of Shares in issue) at a price of HK\$0.38 per Sale Share pursuant to the SP Agreements, none of the Offeror, Mr. Cai and parties acting in concert with each of them had dealt for value in any Shares, convertible securities, warrants or options of the Company or any derivatives in respect of such securities during the Relevant Period;

- (b) there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (c) there was no agreement or arrangement to which the Offeror, Mr. Cai or any party acting in concert with each of them was a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (d) none of the Offeror, Mr. Cai and parties acting in concert with each of them had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (e) none of the Offeror, Mr. Cai and parties acting in concert with each of them had received any irrevocable commitment to accept or reject the Offer;
- (f) there was no outstanding derivative in respect of the securities in the Company entered into by the Offeror, Mr. Cai or any party acting in concert with each of them;
- (g) save for (i) the consideration in the sum of HK\$36,368,447.58 paid by the Offeror to Vendor A pursuant to the SP Agreement A for the Sale Shares A and (ii) the consideration in the sum of HK\$9,711,498.12 paid by the Offeror to Vendor B pursuant to the SP Agreement B for the Sale Shares B, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror, Mr. Cai or any party acting in concert with each of them to the Vendors or any party acting in concert with each of them in connection with the acquisition of the Sale Shares;
- (h) save for the acquisition by the Offeror from the Vendors of an aggregate of 121,263,015 Sale Shares (representing approximately 34.96% of the total number of Shares in issue) pursuant to the SP Agreements, there was no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeover Code) between the Offeror, Mr. Cai or any party acting in concert with each of them on the one hand and any other person (including but not limited to any of the Vendors and any party acting in concert with each of them) on the other hand;
- (i) there was no agreement, arrangement or understanding that any securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons; and
- (j) save for the SP Agreements, there was no agreement, arrangement, or understanding (including any compensation arrangement) existing between the Offeror, Mr. Cai or any party acting in concert with each of them and any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

4. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) on the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
31 December 2024	0.121
28 January 2025	0.115
28 February 2025	0.110
31 March 2025	0.092
30 April 2025	0.087
30 May 2025	0.132
12 June 2025 (the Last Trading Day)	0.335
30 June 2025	1.380
25 July 2025 (the Latest Practicable Date)	1.330

5. EXPERTS' QUALIFICATION AND CONSENTS

The followings are the names and qualifications of the professional advisers whose letters, opinions or advice are contained or referred to in this Composite Document:

Name	Qualification
Kingston Securities	a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO
Kingston CF	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of its opinions or advice and the references to its name included herein in the form and context in which they respectively appear.

6. MISCELLANEOUS

- (a) The sole director of the Offeror is Mr. Cai, whose address is c/o Loeb & Loeb LLP, 2206-19 Jardine House, 1 Connaught Place, Central, Hong Kong.
- (b) The registered office of the Offeror is at Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, VG1110, British Virgin Islands. The correspondence address of the Offeror is c/o Loeb & Loeb LLP, 2206-19 Jardine House, 1 Connaught Place, Central, Hong Kong.

- (c) The registered office of Kingston Securities is 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (d) The registered office of Kingston CF is 72/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (e) The English text of this Composite Document and the accompanying Form of Acceptance shall prevail over their respective Chinese texts, in case of any inconsistency.

7. DOCUMENTS ON DISPLAY

In addition to the documents set out in the paragraph headed "Documents on Display" of Appendix III to this Composite Document, copies of the following documents will be available for inspection on the website of the SFC at www.sfc.hk and the Company's website at www.cflg.com.hk during the period from the date of this Composite Document up to and including the Closing Date:

- (a) the memorandum and articles of association of the Offeror;
- (b) the letter from Kingston Securities, the text of which is set out on pages 6 to 17 of this Composite Document; and
- (c) the written consents referred to under the paragraph headed "Experts' Qualification and Consents" in this Appendix.