
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult your licensed securities dealer or other registered institutions 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 the Prospectus Documents to the purchaser(s) or the transferee(s) or to the 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 the transferee(s).

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

A copy of each of the Prospectus Documents, having attached the documents specified in the paragraph headed “DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG” in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.



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)

RIGHTS ISSUE

ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE

Underwriter



Lego Securities Limited

力高證券有限公司

Financial adviser to the Company



**Lego Corporate
Finance Limited**

力高企業融資有限公司

Capitalised terms used on this cover page have the same meaning as defined in this prospectus, unless the context requires otherwise.

The Latest Time for Acceptance is 4:00 p.m. on Wednesday, 7 February 2024. The procedures for acceptance, payment and transfer are set out on pages 14 to 15 in this prospectus.

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 26 January 2024 to Friday, 2 February 2024 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 26 January 2024 to Friday, 2 February 2024 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right in its absolute discretion to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed “Termination of the Underwriting Agreement” of this prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

Hong Kong, 24 January 2024

* For identification purpose only

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DEFINITIONS

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings:

“acting in concert”	has the same meaning ascribed as set out in the Takeovers Code
“Announcement”	the announcement of the Company dated 1 December 2023 in relation to the Rights Issue
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, Hong Kong public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
“Company”	China Financial Leasing Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 2312)
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for excess Rights Shares

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company held on 11 January 2024 approving, among other things, the Rights Issue
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the beneficial owner’s Shares with a CCASS Participant
“Investment Manager”	Avia Asset Management Limited, a company incorporated in Hong Kong with limited liabilities and a corporation licensed to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, being the investment manager of the Company
“Irrevocable Undertaking”	the irrevocable undertaking by Mr. Lam Shu Chung to the Company as set out in the section headed “The Irrevocable Undertaking” in this prospectus
“Last Trading Day”	30 November 2023, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement

DEFINITIONS

“Latest Practicable Date”	16 January 2024, being the latest practicable date before the printing of this prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 7 February 2024 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares
“Latest Time for Termination”	4:30 p.m. on Friday, 9 February 2024 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Law”	The Companies Act, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus” or “this prospectus”	the prospectus issued by the Company dated 24 January 2024 in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)
“Prospectus Posting Date”	Wednesday, 24 January 2024, being the date of dissemination of the Prospectus and despatch of the PAL(s) and the EAF(s) to the Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date

DEFINITIONS

“Record Date”	Tuesday, 23 January 2024, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, Tricor Tengis Limited, the address of which is at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the paragraph headed “Conditions of the Rights Issue and the Underwriting Agreement” in this prospectus
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being 173,448,741 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
“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)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.12 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the underwriter to the Rights Issue
“Underwriting Agreement”	the underwriting agreement dated 1 December 2023 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	up to 127,245,381 Rights Shares to be underwritten by the Underwriter pursuant to the Underwriting Agreement

DEFINITIONS

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

“%” Per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issues will be fulfilled. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate. All times and dates in this prospectus refer to Hong Kong local times and dates.

Events	Date and Time
	2024
First day of dealings in nil-paid Rights Share	Friday, 26 January
Latest time for splitting the PAL	4:30 p.m. on Tuesday, 30 January
Last day of dealings in nil-paid Rights Shares	Friday, 2 February
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 7 February
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:30 p.m. on Friday, 9 February
Announcement of allotment results of the Rights Issue	Friday, 16 February
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any) for wholly and partially unsuccessful excess applications to be posted	Monday, 19 February
Commencement of dealings in fully-paid Rights Shares	Tuesday, 20 February
Designated broker starts to stand in the market to provide matching services for odd lots of the Shares	9:00 a.m. on Tuesday, 20 February
Designated broker ceases to stand in the market to provide matching services for odd lots of the Shares	4:00 p.m. on Monday, 11 March

EXPECTED TIMETABLE

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

The Latest Time for Acceptance will not take place if:

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

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

TERMINATION OF THE UNDERWRITING AGREEMENT

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

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

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

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

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

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

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

24 January 2024

To the Shareholders

Dear Sir or Madam,

**RIGHTS ISSUE
ON THE BASIS OF ONE (1) RIGHTS SHARE FOR
EVERY ONE (1) SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

References are made to (i) the announcements of the Company dated 1 December 2023 and 20 December 2023; (ii) the circular of the Company dated 22 December 2023; and (iii) the poll results announcement of the Company dated 11 January 2024 in relation to, among other things, the proposed Rights Issue.

The purpose of this prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares provisionally allotted to the Shareholders and certain financial and other information in respect of the Group.

** For identification purpose only*

LETTER FROM THE BOARD

RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.12 per Rights Share, to raise a gross proceeds of approximately HK\$20.8 million before expenses, by way of the Rights Issue of 173,448,741 Rights Shares to the Qualifying Shareholders. The terms of the Rights Issue are set out as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.12 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.11 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	173,448,741 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	173,448,741 Rights Shares
Aggregate nominal value of the Rights Shares	:	HK\$6,937,949.64
Number of Rights Shares being undertaken by Mr. Lam Shu Chung	:	46,203,360 Rights Shares
Number of issued Shares immediately upon completion of the Rights Issue	:	346,897,482 Shares (assuming no Shares (other than the Right Shares) are allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	:	Approximately HK\$20.8 million before expenses
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Save as disclosed in the section headed “The Irrevocable Undertaking” below, as at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

The 173,448,741 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) 100% of the total number of issued share capital of the Company as at the Latest Practicable Date; and (ii) 50% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

The Subscription Price

The Subscription Price of HK\$0.12 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 13.7% to the closing price of HK\$0.1390 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 32.6% to the closing price of HK\$0.1780 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 32.4% to the average closing price of approximately HK\$0.1776 per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 32.3% to the average closing price of approximately HK\$0.1773 per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 19.5% to the theoretical ex-rights price of approximately HK\$0.1490 per Share based on the benchmarked price, being the closing price of HK\$0.1780 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (vi) a discount of approximately 65.2% to the net asset value of the Company of approximately HK\$0.3446 per Share as at 31 December 2023.

LETTER FROM THE BOARD

The theoretical diluted price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.1490 per Share, HK\$0.1780 per Share and 16.3%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined with reference to the market price of the Shares under the prevailing market conditions and the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Rights Issue” in this prospectus. In view of (i) the recent market price of the Shares reflects the recent market sentiment; and (ii) the Subscription Price has been set at a discount to the recent closing prices of the Shares with an objective to encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, the Directors consider that it is fair and reasonable to make reference to the market price of the Shares in determining the Subscription Price.

The Directors consider that despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Status of the Rights Shares

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

Fractional entitlement to the Rights Shares

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

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a Shareholder as at the close of business on the Record Date.

LETTER FROM THE BOARD

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Basis of provisional allotments

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

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

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required.

Rights of Overseas Shareholders (if any)

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. As at the Latest Practicable Date, there are four individual Overseas Shareholders with registered address located in the PRC.

The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made enquiries regarding the legal restrictions under the applicable securities legislation of such jurisdiction and the requirements of the relevant regulatory body or stock exchange with respect to the Rights Issue in relation to the Overseas Shareholders located in the PRC. The legal advisers to the Company as to the PRC law advised that there is no restrictions or requirements and no local regulatory compliance would be required to be made in the PRC for the Company in extending the Rights Issue to the Overseas Shareholders located in the PRC. Based upon such advice, the Overseas Shareholders having registered address in the PRC will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in the PRC.

Save as disclosed above, the Company has no other Overseas Shareholder as at the Latest Practicable Date. The register of members of the Company was closed from Wednesday, 17 January 2024 to Tuesday, 23 January 2024 (both days inclusive), therefore, the Company would not have additional Overseas Shareholders as at the Record Date.

LETTER FROM THE BOARD

It is the responsibility of each Overseas Shareholder who wishes to take part in the Rights Issue to satisfy himself or herself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements. Acceptances of or applications for the Rights Issue by any person will constitute a representation and warranty from such person to the Company that the local laws and requirements have been complied with. Shareholders should consult their professional advisers if in doubt.

Procedures for acceptance and payment or transfer

Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholders to whom it is addressed to subscribe for the number of the Rights Shares shown thereon. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to them as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon with the Registrar, together with a remittance for the full amount payable on acceptance, so as to be received by no later than 4:00 p.m. on Wednesday, 7 February 2024. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "**CHINA FINANCIAL LEASING GROUP LIMITED — RIGHTS ISSUE ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 7 February 2024, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by other Qualifying Shareholders. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicant at a later stage.

Transfer and "splitting" of nil-paid Rights Shares

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or transfer part of his/her/its rights to more than one person, the entire and original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 30 January 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

LETTER FROM THE BOARD

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or banker's cashier orders will be presented for payment following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a banker's cashier order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event, the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" below is not fulfilled or waived by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Monday, 19 February 2024.

No receipt will be issued in respect of any application monies received.

Application for the excess Rights Shares

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

Application for excess Rights Shares can be made only by duly completing and signing the EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Wednesday, 7 February 2024.

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

LETTER FROM THE BOARD

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

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

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, at 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Wednesday, 7 February 2024. All remittances must be made by cheque or cashier's order in Hong Kong dollars. Cheques must be drawn on an account with, and cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**CHINA FINANCIAL LEASING GROUP LIMITED — EXCESS APPLICATION ACCOUNT**" and crossed "**ACCOUNT PAYEE ONLY**". The benefit of any rounding adjustments will be retained by the Company. The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them.

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

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

The allocation of excess Rights Shares (if any) made to the Qualifying Shareholders will be announced on Friday, 16 February 2024. If no excess Rights Shares are allotted to the Qualifying Shareholders, the amount tendered on application is expected to be returned by refund cheque in full without interest by ordinary post at his/her/its own risk by the Registrar on or before Monday, 19 February 2024. If the number of excess Rights Shares allotted to the Qualifying Shareholders is less than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his own risk by the Registrar on or before Monday, 19 February 2024.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF with a cheque or a cashier's order will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection of the EAF and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited has given, or be

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subject to, any of the above representation or warranty. Completion and return of the EAF with a cheque or a cashier's order will constitute a warranty by the applicant that the cheque or the cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement prior to the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" below is not fulfilled or waived by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of the relevant provisional allotment, without interest, will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Monday, 19 February 2024.

No receipt will be issued in respect of any application monies received.

Action to be taken by beneficial owners holding interests in Shares through CCASS

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or "split" those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, or apply for excess Rights Shares, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the such applications.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" of this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or "splitting" by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited and the application for excess Rights Shares shall be in accordance with the "General Rules of CCASS", the "CCASS Operational Procedures" and any other requirements of CCASS.

Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners' interests in nil-paid Rights Shares should be dealt with and any applications for excess Rights Shares.

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

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Monday, 19 February 2024 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be sent on or about Monday, 19 February 2024 by ordinary post to the applicants, at their own risk, to their registered addresses, or in case of joint applicants, to the address of the first-named person.

Arrangement on odd lot trading

Upon completion of the Rights Issue, the board lots of the Company will remain as 10,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company has appointed Lego Securities Limited to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Tuesday, 20 February 2024 to 4:00 p.m. on Monday, 11 March 2024 (both days inclusive).

Shareholders who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot may directly or through their brokers contact Mr. Kelvin Li of Lego Securities Limited at Room 301, 3/F, China Building, 29 Queen's Road Central, Hong Kong (telephone: (852) 2128 9433) during office hours (i.e., from 9:00 a.m. to 6:00 p.m.) within such period.

Shareholders should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements.

Taxation

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

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

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

The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 10,000 Rights Shares in one board lot.

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Rights Shares will be eligible for admission into CCASS

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

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

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, Mr. Lam Shu Chung, the substantial shareholder of the Company, holds 46,203,360 Shares, representing approximately 26.64% of the issued share capital of the Company.

Pursuant to the Irrevocable Undertaking, Mr. Lam Shu Chung had irrevocably undertaken to the Company:

- (i) to remain as the beneficial owner of the 46,203,360 Shares up to and including the Record Date;
- (ii) to subscribe for the Rights Shares to be provisionally allotted to him under the Rights Issue, representing the full entitlement under the Rights Issue, by lodging the duly completed and signed provisional allotment letters in respect of all 46,203,360 Rights Shares with payment in full therefor in cash with the Registrar before 4:00 p.m. (Hong Kong time) on the Latest Time for Acceptance in accordance with the terms of Prospectus Documents;
- (iii) the 46,203,360 Shares will remain registered in his name until the close of business on the Record Date; and
- (iv) during the period from the date of the Irrevocable Undertaking to (and including) the Record Date, not to transfer or otherwise dispose of the 46,203,360 Shares or acquire any Shares or any interests therein (except by taking up the 46,203,360 Rights Shares or acquiring nil-paid Rights Shares or submitting application for excess Rights Shares) unless with the prior written consent of the Company and the Underwriter.

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Save for the above, the Company has not received any information from any Shareholders of their intention to take up the Rights Shares to be provisionally allotted or offered to them under the Rights Issue as at the Latest Practicable Date.

UNDERWRITING AGREEMENT

On 1 December 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Rights Shares, excluding the Rights Shares subject to the Irrevocable Undertaking, which have not been taken up (“**Untaken Shares**”) will be fully underwritten by the Underwriter and/or subscribers procured by it subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein. The principal terms of the Underwriting Agreement are as follows:

- Date : 1 December 2023 (after trading hours)
- Underwriter : Lego Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities.
- To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.
- Number of the Underwritten Shares : The total number of the Underwritten Shares shall be in maximum up to 127,245,381 Rights Shares, being such number of the Rights Shares to be issued pursuant to the Rights Issue less the 46,203,360 Rights Shares to be subscribed by Mr. Lam Shu Chung pursuant to the Irrevocable Undertaking.
- Underwriting commission : An amount equal to 1.0% of the Subscription Price multiplied by the number of the Underwritten Shares, being up to approximately HK\$0.15 million in maximum.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm’s length negotiations between the Company and the Underwriter by reference to the size of the Rights Issue, the market price of the Shares and the prevailing market rate of similar transactions. The Directors consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

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

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

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

As the Company is an investment company listed under Chapter 21 of the Listing Rules, the Underwriter will ensure that each of the subscribers of the Untaken Shares procured by it is a professional person.

As at the Latest Practicable Date, the Underwriter has not procured any sub-underwriters and/or subscribers for the Underwritten Shares. In case any sub-underwriter(s) will be procured by the Underwriter, the Underwriter will ensure that such sub-underwriter has complied with Rule 7.19(1) of the Listing Rules and shall be Independent Third Party.

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The public float requirements under the Listing Rules shall be fulfilled by the Company at all times. The Company and the Underwriter will closely monitor the level of acceptance from time to time during the period from the Prospectus Posting Date to the Latest Time for Acceptance. Where required, the Underwriter will take such appropriate steps as may be reasonably required to maintain the minimum public float for the Shares in compliance with Rule 8.08(1) of the Listing Rules, including procuring the subscription for the Underwritten Shares. The Underwriter shall ensure that the minimum public float requirement under the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

Conditions of the Rights Issue and the Underwriting Agreement

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

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

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thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) not later than the Prospectus Posting Date.

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

Termination of the Underwriting Agreement

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

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

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

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

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

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The Group is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. The investment objective of the Company is to achieve an enhanced earnings stream and capital appreciation from its investments. It is the corporate strategy of the Group to strengthen its existing businesses and continue its focus on financing future investment opportunities to achieve financial growth for the Group and to maximise the Shareholders' value.

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

The estimated net proceeds from the Rights Issue will be approximately HK\$19.4 million (equivalent to a net price of approximately HK\$0.11 per Rights Share) which will be used as follows:

- (i) approximately HK\$15.2 million, being approximately 78.4% of the net proceeds, for investment in listed securities and unlisted securities; and
- (ii) approximately HK\$4.2 million, being approximately 21.6% of the net proceeds, for general working capital of the Company, such as administrative and other expenses, including but not limited to office rent, salaries and allowances and legal and professional fees.

As at the Latest Practicable Date, the Company has not identified any particular potential investments or opportunities and currently does not have any intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) in relation thereof.

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

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

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

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

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

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

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

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

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; and (iii) immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares (other than those subscriptions pursuant to the Irrevocable Undertaking) and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter:

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	As at the Latest Practicable Date		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue, assuming none of the Qualifying Shareholders have taken up any entitled Rights Shares and all the unsubscribed Rights Shares under the PALs and EAFs were subscribed for through the Underwriter	
	<i>No. of Shares</i>	<i>Approx. % (Note 3)</i>	<i>No. of Shares</i>	<i>Approx. % (Note 3)</i>	<i>No. of Shares</i>	<i>Approx. % (Note 3)</i>
Mr. Lam Shu Chung	46,203,360	26.6	92,406,720	26.6	92,406,720	26.6
Underwriter <i>(Notes 1 and 2)</i>	—	—	—	—	127,245,381	36.7
Other public Shareholders	<u>127,245,381</u>	<u>73.4</u>	<u>254,490,762</u>	<u>73.4</u>	<u>127,245,381</u>	<u>36.7</u>
Total	<u><u>173,448,741</u></u>	<u><u>100.0</u></u>	<u><u>346,897,482</u></u>	<u><u>100.0</u></u>	<u><u>346,897,482</u></u>	<u><u>100.0</u></u>

Notes

- Pursuant to the Underwriting Agreement, the Underwriter undertakes to the Company that the Underwriter shall ensure (i) that each of the subscribers or purchasers of the Rights Shares procured by it are independent of and not connected or acting in concert with the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) that none of the relevant subscriber shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue.
- As the Company is an investment company listed under Chapter 21 of the Listing Rules, the Underwriter will ensure that each of the subscribers of the Untaken Shares procured by it is a professional person.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the Latest Practicable Date.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on

LETTER FROM THE BOARD

approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the Latest Practicable Date, the Company did not have any controlling shareholder and none of the Directors and the chief executive of the Company and their respective associates held any Shares. The Rights Issue has been approved by the Independent Shareholders at the EGM held on 11 January 2024, and no Shareholder have abstained from voting in favour of the resolution approving the Rights Issue at the EGM.

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

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

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

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

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

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this prospectus. In case of any inconsistency between the English and Chinese versions of this prospectus, the English version will prevail.

By order of the Board
CHINA FINANCIAL LEASING GROUP LIMITED
Lui Cheuk Hang Henri
Executive Director

1. FINANCIAL SUMMARY OF THE GROUP

The financial information of the Group for the years ended 31 December 2020, 2021 and 2022, and the six months ended 30 June 2023 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.cflg.com.hk>) respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 December 2020 is disclosed in the annual report of the Company for the year ended 31 December 2020 published on 22 April 2021, from pages 64 to 154
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0422/2021042201343.pdf>)
- (ii) the audited consolidated financial information of the Group for the year ended 31 December 2021 is disclosed in the annual report of the Company for the year ended 31 December 2021 published on 22 April 2022, from pages 72 to 158
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042201388.pdf>)
- (iii) the audited consolidated financial information of the Group for the year ended 31 December 2022 is disclosed in the annual report of the Company for the year ended 31 December 2022 published on 10 March 2023, from pages 72 to 154
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0310/2023031000017.pdf>)
- (iv) the unaudited consolidated financial information of the Group for the six months ended 30 June 2023 is disclosed in the interim report of the Company for the six months ended 30 June 2023 published on 31 August 2023, from pages 1 to 24
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0831/2023083100809.pdf>)

2. INDEBTEDNESS STATEMENT

As at 30 November 2023, being the latest date for the purpose of liquidity disclosure in this prospectus, the Group had outstanding indebtedness of HK\$116,196, consisting of lease liabilities of HK\$116,196.

Save for the aforesaid outstanding indebtedness of HK\$116,196, as at 30 November 2023, being the latest practicable date for the Group to ascertain such information prior to printing of this prospectus, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, pledges, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors confirm that (i) there has not been any material change in the Group's indebtedness since 30 November 2023 and up to 16 January 2024, being the latest practicable date for us to ascertain such information prior to printing of this prospectus; and (ii) there was no material default in payment of the Group's trade and non-trade payables, lease liabilities, nor did the Group breach any relevant finance covenants, up to 16 January 2024.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account (i) the Group's internal resources and cash flows from its operations; and (ii) estimated proceeds from the Rights Issue, the Group will have sufficient working capital to satisfy its present requirements, that is, for at least 12 months from the date of this prospectus in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm there had been no material adverse change in the financial or trading position of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECT

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The Group is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities, predominantly focusing in the PRC and Hong Kong market region.

For the year ended 31 December 2023, the Group was mainly engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. The Group considered that the performance of the PRC economy would be the most important factor in dedicating local market performances as any signs of rebounding growth would drive investors to invest in Hong Kong and the PRC market. In particular, (i) the measures implemented by the Chinese government to revive mainland property industry; and (ii) the possible end of the interest rate uptrend cycle will be the positive signals.

Going forward, external macro factors remain the major risks. While inflation and interest rates are expected to be alleviated and may boost global market performance, the high geopolitical risks, particularly the Israel-Hamas war and the Sino-US relations, will cause significant uncertainty to the investment market. Nevertheless, the Group believes that challenges and opportunities co-exist. As such, the management of the Group will maintain appropriate investment strategies and constantly monitor the market changes. The Group will continue to identify suitable listed and unlisted investment opportunities to optimise its investment portfolio and implement its risk management policy in order to achieve satisfactory returns to the Shareholders.

The Group will continue to identify investment and business development opportunities, to better utilise its capital to expand the scope of business, to explore potential projects and to acquire high-quality assets so as to enhance its long-term return of the Shareholders.

Through the Rights Issue, the Company hopes that it can gather sufficient capital for attaining its abovementioned investment proposal.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the proposed rights issue on the basis of one rights share at a subscription price of HK\$0.12 each for every one issued share of the Company (the “**Rights Issue**”) on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 30 June 2023.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the unaudited consolidated net tangible assets of the Group as at 30 June 2023, adjusted as described below:

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 <i>(Note 1)</i> <i>HK\$'000</i>	Estimated net proceeds from the Rights Issue <i>(Note 2)</i> <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 30 June 2023 <i>HK\$'000</i>
<u>64,519</u>	<u>19,460</u>	<u>83,979</u>
Unaudited consolidated net tangible assets per Share before completion of the Rights Issue <i>(Note 3)</i>		<u>HK\$0.37</u>
Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue <i>(Note 4)</i>		<u>HK\$0.24</u>

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 were extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2023 included in the Group's published interim report for the six months ended 30 June 2023.
2. The estimated net proceeds from the Rights Issue are based on 173,448,741 Rights Shares at the subscription price of HK\$0.12 per Rights Share, after deduction of the related expenses of approximately HK\$1.4 million, which is directly attributable to the Rights Issue.
3. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share prior to the completion of Rights Issue is based on 173,448,741 Shares in issue as at 30 June 2023.
4. The unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 of HK\$83,979,313 and 346,897,482 Shares in issue assuming the Rights Issue had been completed on 30 June 2023, which comprises (i) 173,448,741 Shares in issue as at 30 June 2023 before the Rights Issue and (ii) 173,448,741 Shares to be issued under the Rights Issue.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2023.

B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, RSM Hong Kong, Certified Public Accountants, Hong Kong

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Causeway Bay, Hong Kong

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www.rsmhk.com

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Date: 24 January 2024

The Board of Directors
China Financial Leasing Group Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Financial Leasing Group Limited (the “**Company**”) and its subsidiary (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 June 2023 as set out on pages II-1 to II-2 of the Prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in page II-1 to page II-2.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 30 June 2023 as if the transaction had been taken place on 30 June 2023. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated financial statements as included in the interim report for the six months ended 30 June 2023, on which an interim report has been published.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under "Reasons for and benefits of the Rights Issue and use of proceeds" set out on pages 24 to 25 of the Prospectus.

Opinion

In our opinion:

- a. the pro forma financial information has been properly compiled on the basis stated;
- b. such basis is consistent with the accounting policies of the Group; and
- c. the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

RSM Hong Kong
Certified Public Accountants

1. RESPONSIBILITY STATEMENT

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

2. SHARE CAPITAL

The authorised and issued share capital in the Company (i) as at the Latest Practicable Date; and (ii) immediately after the allotment and issue of the Rights Shares, assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to the date of completion of the Rights Issue, will be as follows:

i. As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised:</i>		<i>HK\$</i>
7,500,000,000	Shares of HK\$0.04 each	300,000,000.00
<i>Issued and paid-up share capital:</i>		
173,448,741	Shares of HK\$0.04 each	6,937,949.64

ii. The following table illustrates the share capital structure of the Company immediately after the completion of the Rights Issue (assuming no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue):

<i>Authorised:</i>		<i>HK\$</i>
7,500,000,000	Shares of HK\$0.04 each	300,000,000.00
<i>Issued and paid-up share capital:</i>		
173,448,741	Shares of HK\$0.04 each	6,937,949.64
173,448,741	Rights Shares to be allotted and issued upon completion of the Rights Issue	6,937,949.64
<u>346,897,482</u>	Shares in issue immediately after completion of the Rights Issue	<u>13,875,899.28</u>

All of the Rights Shares when allotted, issued and fully paid, will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

As at the Latest Practicable Date, the Company had no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

Directors' and chief executive's interests and short positions in Shares and underlying shares

As at the Latest Practicable Date, none of the Directors and chief executives of the Company and their associates had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were 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 or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

Interests and short positions of substantial shareholders

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, the following person(s) (other than the Directors and the chief executive of the Company) has, or is deemed to have, interests or short positions in the Shares or underlying Shares, (a) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, (b) who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group or had any options in respect of such securities, details of which are set out as follows:

Long positions in the Shares

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage or attributable percentage of shareholding
Mr. Lam Shu Chung	Beneficial owner	46,203,360	26.64% (L)
Ms. Choi Hing Lin Lori ^(Note 1)	Interest of spouse	46,203,360	26.64% (L)
Like Capital Limited ^(Note 2)	Beneficial owner	12,778,287	7.37% (L)
Ethnocentric Investment Limited ^(Note 2)	Interest in a controlled corporation	12,778,287	7.37% (L)
Capital VC Limited ^(Note 2)	Interest in a controlled corporation	12,778,287	7.37% (L)

(L): denotes long position

Notes:

1. Ms. Choi Hing Lin Lori is the spouse of Mr. Lam Shu Chung. Accordingly, Ms. Choi Hing Lin Lori is deemed or taken to be interested in all the Shares in which Mr. Lam Shu Chung is interested in for the purpose of the SFO.
2. Like Capital Limited is a private company directly wholly owned by Ethnocentric Investment Limited. Ethnocentric Investment Limited is a private company directly wholly owned by Capital VC Limited, which is a company listed on the Stock Exchange (stock code: 2324).

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the Shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

4. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) none of the Directors was materially interested in any contract or arrangement subsisting which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the controlling shareholders of the Company or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the Company or any member of the Group within one year without payment of compensation (other than statutory compensation)).

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has given opinions, letters or advices included in this prospectus:

Name	Qualifications
RSM Hong Kong	Certified Public Accountants and Registered Public Interest Entity Auditor

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letters or reports and the reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.

9. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement up to and including the Latest Practicable Date:

- (a) the Underwriting Agreement;
- (b) the Irrevocable Undertaking; and
- (c) the underwriting agreement dated 28 July 2022 entered into between the Company and the Underwriter in respect of the rights issue on the basis of two rights shares for every one consolidated share of 115,632,494 rights shares at the subscription price of HK\$0.38 per rights share on a fully underwritten basis. The consideration paid by the Group to the Underwriter was approximately HK\$0.4 million.

10. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Board of Directors	<i>Executive Directors</i> Mr. Lui Cheuk Hang Henri Mr. Chiu Tak Wai
	<i>Independent non-executive Directors</i> Mr. Hui Yat On Mr. Chan Pak Lam, Tom Dr. Lau Kin Shing, Charles
Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal place of business in Hong Kong	11/F., Wui Tat Centre 55 Connaught Road West Hong Kong
Authorised representatives	Mr. Lui Cheuk Hang Henri 11/F., Wui Tat Centre 55 Connaught Road West Hong Kong
	Mr. Paul Yau 11/F., Wui Tat Centre 55 Connaught Road West Hong Kong

Company secretary	Mr. Paul Yau
Auditors and reporting accountants	RSM Hong Kong <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 29th Floor, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong
Principal bankers	DBS Bank (Hong Kong) Limited 11/F., The Center, 99 Queen's Road Central, Hong Kong Bank of China (Hong Kong) Limited Bank of China Tower, 1 Garden Road, Central, Hong Kong
Hong Kong share registrar and transfer office	Tricor Tengis Limited 17th Floor, Far East Finance Centre, No. 16 Harcourt Road, Hong Kong
Investment manager	Avia Asset Management Limited Unit A, Level 9, Fortis Tower 77-79 Gloucester Road, Wanchai Hong Kong
Custodians	Supreme China Securities Limited <i>(a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO)</i> Room No. 2506 Tai Tung Building, No. 8 Fleming Road, Wan Chai, Hong Kong Interactive Brokers Hong Kong Limited <i>(a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 3 (leveraged foreign exchange trading) regulated activities under the SFO)</i> 1512 Two Pacific Place, 88 Queensway, Hong Kong

	<p>Bright Smart Securities International (H.K.) Limited <i>(a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities under the SFO)</i> 10/F Wing On House, 71 Des Voeux Road Central, Hong Kong</p>
Legal advisers to the Company in relation to the Rights Issue	<p><i>As to Hong Kong law</i> Foo. & Co., T. C. Unit B, 20/F, II Chinachem Plaza, 135 Des Voeux Road Central, Central, Hong Kong</p> <p><i>As to PRC law</i> Beijing Dacheng Law Offices, LLP (Shenzhen) 3F&4F, Block A, Shenzhen International Innovation Center, No. 1006, Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, PRC</p>
Financial adviser to the Company	<p>Lego Corporate Finance Limited Room 1601, 16/F, China Building, 29 Queen's Road Central, Hong Kong</p>
Underwriter	<p>Lego Securities Limited Room 301, 3/F, China Building, 29 Queen's Road Central, Hong Kong</p>

11. EXPENSES

The expenses in connection with the proposed Rights Issue and the transactions contemplated respectively thereunder, including underwriting commission, financial advisory fees, legal fee, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.4 million, which are payable by the Company.

12. PARTICULARS OF DIRECTORS OF THE COMPANY

Executive Directors

Mr. Lui Cheuk Hang Henri (“**Mr. Lui**”), age 50, was appointed as executive Director on 9 April 2021. Mr. Lui obtained his Bachelor of Commerce degree from University of Toronto in 1995. Mr. Lui is also a charter holder of Chartered Financial Analyst since 2001. Mr. Lui has over 27 years of experiences in the securities and financial industry, serving various roles as financial analyst, responsible officer in brokerage house and asset management firms.

Mr. Chiu Tak Wai (“**Mr. Chiu**”), age 53, was appointed as executive Director on 11 September 2023. He is currently the Chief Financial Officer of the Company. He obtained his Bachelor of Social Sciences from University of Hong Kong in 1993. Mr. Chiu is also a charter holder of Chartered Financial Analyst since 2001. Mr. Chiu has over 29 years of experiences in the securities and financial industry, serving various roles as dealer, responsible officer in brokerage house and asset management firms.

Independent non-executive Directors

Mr. Hui Yat On (“**Mr. Hui**”), aged 64, was appointed as independent non-executive Director on 10 June 2021. Mr. Hui graduated from the Chinese University of Hong Kong with a bachelor’s degree in business administration in December 1982. In November 2004, Mr. Hui obtained a master’s degree in professional accounting from Hong Kong Polytechnic University. Mr. Hui has become a member of the Hong Kong Institute of Certified Public Accountants since December 1986. Mr. Hui is a member of the Hong Kong Chiu Chow Chamber of Commerce. Mr. Hui is currently the independent non-executive director of ArtGo Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 3313) since 8 June 2016 and was the independent non-executive director of Enterprise Development Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1808) from 11 January 2021 to 20 September 2021, respectively. Mr. Hui is currently a senior executive of a company listed on the GEM of the Stock Exchange. He has previously served as the executive director and senior executive of several Hong Kong listed companies. Mr. Hui has three decades of experiences in the field of corporate finance and financial services.

Mr. Chan Pak Lam, Tom (“**Mr. Chan**”), aged 60, was appointed as independent non-executive Director on 30 June 2022. He graduated from The University of Keele in England with major in Economics and Laws, being admitted as a solicitor in Hong Kong. With over 20 years of experience at the top management level of various institutions and listed companies, Mr. Chan has rich experience in the brokerage and trading of different financial products including project financing, corporate mergers and acquisitions, initial public offering, trading of securities, foreign exchange, precious metals etc. Mr. Chan is currently the Deputy Chairman of Success Universe Group. He also devotes himself to the society, being a member of the 10th-12th Political Consultative Conference of Jilin Province in China, Economic advisor to Jilin Provincial Government, Chairman of The Institute of Securities Dealers in Hong Kong between 2019 and 2022 and one of the founders of China Bay Area Think Tank Co., Ltd.

Dr. Lau Kin Shing, Charles (“**Dr. Lau**”), aged 68, was appointed as independent non-executive Director on 11 September 2023. He is a professional accountant by training, holds a Doctorate degree in Business Administration from the Newcastle University of Australia, Master degree in Information System Management from the National University of Ireland, and a Bachelor degree in Accounting from the Curtin University of Technology, Australia. Dr. Lau is a Chartered Accountant (New Zealand), and also a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants and a fellow member of CPA Australia.

Dr. Lau possesses about 30-year executive experiences in corporate control, financial management, risk management and internal control gained from international listed companies. He had held key corporate executive position in various conglomerates, including vice president of China Resources Beer (Holdings) Company Limited (formerly known as China Resources Enterprise Limited), deputy head of internal audit for Hutchison Whampoa Limited, and chief financial officer and company secretary of Miramar Hotel and Investment Company Limited. Dr. Lau was also the chief financial officer of the Group, company secretary and authorised representative of Sitoy Group Holdings Ltd.

Dr. Lau has been the independent non-executive director of KOS International Holdings Limited (stock code: 8042) since 1 February 2021, a company whose shares are listed on GEM of the Stock Exchange, Zibuyu Group Ltd (stock code: 2420) since 13 October 2022, a company whose shares are listed on Main Board of Stock Exchange. He is also an independent director of Lingyi Itech (Guangdong) Company Limited (stock code: 002600.SZ), since June 2021, a company whose shares are listed on the Shenzhen Stock Exchange, as well as a non-executive director of Sitoy Group Holdings Ltd (stock code: 1023) since 1 August 2021, a company whose shares are listed on Main Board of Stock Exchange.

Business address of the Directors

The business address of the Directors is the same as the Company’s principal place of business in Hong Kong at 11/F., Wui Tat Centre, 55 Connaught Road West, Hong Kong.

13. INVESTMENT OBJECTIVE, POLICIES AND RESTRICTIONS

Investment objective and policies

The Company is an investment company with the principal investment objective of achieving short to medium term (i.e. less than one year to five years) capital appreciation by mainly investing in a diversified portfolio of investments in listed and unlisted companies in the Asia Pacific Region (the “**Region**”). The Company has adopted the following investment policies:

- (i) the Company’s investments will normally be made in the form of equity or equity related securities and/or debt securities in listed and unlisted companies engaged in different industries including (but not limited to) information technology, manufacturing, life sciences and environmental services, telecommunications,

infrastructure, pharmaceuticals and property sectors aiming at maintaining a balance in the Company's exposure to different industries sectors in order to minimize the impact on the Company of any downturn in any particular sector;

- (ii) the Company may invest in other fields in which the Board believes that there are prospects of earnings growth and/or capital appreciation. In particular, the Company will seek to identify businesses or entities with a potential or record of profit growth, strong management, high levels of technical expertise and research and development capabilities as well as management commitment to the long-term growth of such companies;
- (iii) the Company may invest in companies or other entities which are considered by the Board and/or the Investment Manager as being special or in recovery situations on a case by case basis (e.g., the Company may invest in companies under restructuring or liquidation), which may have extensive growth in shorter period and provide attractive returns;
- (iv) up to a maximum of 90% of the Group's assets can be invested in
 - (a) equity securities, convertible notes, preference shares, options, warrants or debt securities issued by listed companies;
 - (b) equity securities, convertible notes, preference shares, options, warrants or debt securities issued by unlisted companies in the Region; and
 - (c) options and futures which are traded on recognised securities or futures exchanges for trading and hedging purposes.
- (v) the Board and the Investment Manager will, where possible, seek to identify investments where there is a certain degree of synergy with other investee companies and where co-operation between such companies would be of mutual benefit to each other;
- (vi) the Company's investments are intended to be held for short to medium term (i.e. less than one year to five years) capital appreciation. Subject to the foregoing, the Company will realise investments from time to time where to do so is in the opinion of the Board to be in the best interests of the Company or where the terms on which such realization can be achieved are in the opinion of the Board to be particularly favourable to the Company;
- (vii) before suitable investment projects are identified, the Company may seek to protect the capital value of the Company's cash assets by placing the same in bank deposits in any currency, bonds, treasury securities issued by the government of the United States or the government of Hong Kong or their respective agencies or securities or other instruments denominated in any currency issued by various governments or international development agencies;

- (viii) before suitable investment projects are identified, the Company may enter into forward interest rate agreements, forward currency agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates; and
- (ix) a minimum of 10% of the Group's assets will be maintained in cash or cash equivalents.

Investors should note that while it is the intention of the Company to invest its funds in accordance with the investment objectives and policies outlined above as far as practicable, due to market and other investment considerations, it may take some time before the funds of the Company are fully invested.

The Company may from time to time engage in transactions in options, futures and other derivative products which are traded on recognised securities exchanges, futures exchanges for trading and hedging purposes.

Given that there are no requirements under the Listing Rules that any alterations to the investment objectives and policies of an investment company under Chapter 21 of the Listing Rules require shareholders' approval after a period of three years from the date of the prospectus, the investment objectives and policies of the Company as stated above may be altered without Shareholders' approval and the Company has to comply with the articles of association of the Company and Chapter 21 of the Listing Rules at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment Restrictions

Under the articles of association of the Company and the Listing Rules, certain restrictions on investments are imposed on the Company:

- (i) The Board shall ensure, and shall procure that any person to whom any powers of investing the Company's assets shall ensure, that the Company shall not either on its own or through its wholly-owned subsidiaries, or in conjunction with any connected person, take legal or effective management control of underlying investments and will not either itself or through its wholly-owned subsidiaries invest or own or control more than thirty per cent. (30%) (or such other percentage as may from time to time be specified in the Takeovers Code or other laws, regulations, rules, codes, order or policies of other relevant jurisdiction as being the level for triggering a mandatory general offer or other similar action or consequence) of the voting rights in any one company or body, except in relation to wholly-owned subsidiaries of the Company formed solely for the purpose of investment holding.
- (ii) The Company shall maintain a reasonable spread of investments and the value of its holding of investments issued by any one company or body other than wholly-owned subsidiaries of the Company shall not exceed twenty per cent. (20%) of the net asset value as at the date such investment is made.

The Company has to comply with investment restrictions (i) and (ii) above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules, and these restrictions are also contained in the articles of association of the Company and any change of such is subject to Shareholders' approval.

14. INVESTMENT PORTFOLIO

Set out below are the details of all the investments of the Group as at 31 December 2022 and 30 June 2023, which include all listed equity investments with a value of more than 5% of the Group's gross assets as at 31 December 2022 and 30 June 2023. Save for the investments disclosed herein, there are no other listed investments or other investments with a value of more than 5% of the Company's gross assets as at 31 December 2022 and 30 June 2023:

(a) As at 30 June 2023, details of the Group's major listed equity securities are as follows:

Note	Name of Investee Company	Proportion of investee's capital owned	Cost up to 30 June 2023 (HK\$'000)	Market value as at 30 June 2023 (HK\$'000)	Dividend income received during the period (HK\$'000)	Dividend cover	Net assets attributable to the investment as at 30 June 2023	Accumulated fair value losses on investment recognised in the financial statements during the period (HK\$'000)
1	China Carbon Neutral Development Group Limited (1372)	1.05%	14,972	8,413	—	N/A	13.04%	(6,559)
2	CN Logistics International Holdings Limited (2130)	Less than 1%	8,084	7,971	—	1.4	12.36%	(113)
3	Smart City Development Holdings Limited (8268)	4.15%	8,001	4,478	—	N/A	6.94%	(3,523)
4	Bradaverse Education (Int'l) Investments Group Limited (1082)	Less than 1%	3,991	4,176	—	N/A	6.47%	185
5	Volcano Spring International Holdings Limited (1715)	1.79%	4,967	3,498	—	N/A	5.42%	(1,469)
6	Hing Ming Holdings Limited (8425)	4.34%	18,099	3,266	—	N/A	5.06%	(14,833)
7	Silver Tide Holdings Limited (1943)	Less than 1%	5,410	3,200	—	N/A	4.96%	(2,210)
8	Tracker Fund of Hong Kong (2800)	Less than 1%	2,279	1,925	10	N/A	2.98%	(354)

Note	Name of Investee Company	Proportion of investee's capital owned	Cost up to 30 June 2023 (HK\$'000)	Market value as at 30 June 2023 (HK\$'000)	Dividend income received during the period (HK\$'000)	Dividend cover	Net assets attributable to the investment as at 30 June 2023	Accumulated fair value losses on investment recognised in the financial statements during the period (HK\$'000)
9	HK Electric Investments and HK Electric Investments Limited (2638)	Less than 1%	1,745	1,642	—	1.04	2.54%	(103)
10	AIA Group Limited (1299)	Less than 1%	1,539	1,503	22	0.10	2.33%	(36)
11	Other listed investments	N/A	7,387	6,540	64	N/A	10.14%	(847)
Total		N/A	76,474	46,612	96	N/A	72.24%	(29,862)

Notes:

- China Carbon Neutral Development Group Limited is principally engaged in global carbon neutral business, civil engineering and construction business as well as carbon asset management business.
- CN Logistics International Holdings Limited is principally engaged in the provision of comprehensive logistics services, comprising air freight forwarding services, distribution and logistics services as well as ocean freight forwarding services, with a primary focus on high end fashion (including luxury and affordable luxury) and fine wine products.
- Smart City Development Holdings Limited is principally engaged in the activities of construction business, as a main contractor and fitting out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related businesses. Their other business include investment in securities, property investment as well as money lending.
- Bradaverse Education (Int'l) Investments Group Limited is principally engaged in the provision of private educational services, which include primary tutoring services, skill course and test preparation courses, secondary tutoring services and English language training and test preparation courses.
- Volcano Spring International Holdings is principally engaged in developing, manufacturing and selling premium kitchen appliances in the PRC.
- Hing Ming Holdings Limited is principally engaged in providing rental services of temporary suspended working platforms and other equipment such as tower cranes and generators and trading of equipment and spare parts.
- Silver Tide holdings Limited is principally engaged in providing construction services, including traditional formwork using timber and plywood, system formwork using aluminium and steel, ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong and business of securities dealing and broking.

8. Tracker Fund of Hong Kong is an exchange-traded fund designed to provide investment results that closely correspond to the performance of Hang Seng Index (“HSI”).
9. HK Electric Investments and HK Electric Investments Limited is a fixed single investment trust in Hong Kong focusing purely on the energy sector.
10. AIA Group Limited is the largest independent publicly listed pan-Asian life insurance group with a presence in 18 markets across Asia.

(b) As at 31 December 2022, details of the Group’s major listed equity securities are as follows:

Note	Name of Investee Company	Proportion of investee’s capital owned	Cost up to 31 December 2022 (HK\$’000)	Market value as at 31 December 2022 (HK\$’000)	Dividend income received during the period (HK\$’000)	Dividend cover	Net assets attributable to the investment as at 31 December 2022	Accumulated fair value losses on investment recognised in the financial statements during the period (HK\$’000)
1	China Carbon Neutral Development Group Limited (1372)	1.47%	14,972	11,656	—	N/A	17.11%	(3,316)
2	Smart City Development Holdings Limited (8268)	4.15%	8,001	7,663	—	N/A	11.25%	(338)
3	Silver Tide Holdings Limited (1943)	Less than 1%	5,410	4,700	—	N/A	6.90%	(710)
4	Bradaverse Education (Int’l) Investments Limited (1082)	Less than 1%	3,991	4,272	—	N/A	6.27%	281
5	Hing Ming Holdings Limited (8425)	4.34%	18,099	4,000	—	N/A	5.87 %	(14,099)
6	Volcano Spring International Holdings Limited (1715)	2.25%	5,619	3,382	—	N/A	4.96%	(2,237)
7	Link-Asia International MedTech Group Limited (1143)	4.55%	5,565	3,025	—	N/A	4.44%	(2,540)
8	Tracker Fund of Hong Kong (2800)	Less than 1%	2,279	1,992	65	167.02	2.92%	(287)
9	AIA Group Limited (1299)	Less than 1%	1,512	1,649	34	1.75	2.42%	137
10	Tencent Holdings Limited (700)	Less than 1%	1,672	1,336	7	17.78	1.96%	(336)
11	Other listed investments	N/A	2,473	2,238	44	N/A	3.28%	(235)
	Total	N/A	69,593	45,913	150	N/A	67.38%	(23,680)

Notes:

1. China Carbon Neutral Development Group Limited is principally engaged in global carbon neutral business, civil engineering and construction business as well as carbon asset management business.
2. Smart City Development Holdings Limited is principally engaged in the activities of construction business, as a main contractor and fitting out works, as well as the provision of electrical and mechanical engineering services, mainly in Hong Kong, the PRC and Macau, and other construction related businesses. Their other business include investment in securities, property investment as well as money lending.
3. Silver Tide Holdings Limited is principally engaged in providing construction services, including traditional formwork using timber and plywood, system formwork using aluminium and steel, ancillary works such as concrete works and reinforcement works for the public and private sectors in Hong Kong and business of securities dealing and broking.
4. Bradaverse Education (Int') Investments Limited is principally engaged in the provision of private educational services, which include primary tutoring services, skill course and test preparation courses, secondary tutoring services and English language training and test preparation courses.
5. Hing Ming Holdings Limited is principally engaged in providing rental services of temporary suspended working platforms and other equipment such as tower cranes and generators and trading of equipment and spare parts.
6. Volcano Spring International Holdings Limited is principally engaged in developing, manufacturing and selling premium kitchen appliances in the PRC.
7. Link-Asia International MedTech Group Limited is a value-added service provider and electronics manufacturer focused on the "Belt and Road" cross-border supply chain, particularly integrates upstream and downstream resources around the value-added services of the targeted industry supply chain, and selects key countries and cities along the Belt and Road route with high economic growth and high market development for strategic planning.
8. Tracker Fund of Hong Kong is an exchange-traded fund designed to provide investment results that closely correspond to the performance of HSI.
9. AIA Group Limited is the largest independent publicly listed pan-Asian life insurance group with a presence in 18 markets across Asia.
10. Tencent Holdings Limited is a world-leading internet and technology company that develops innovative products and services to improve the quality of life of people around the world.

15. DISTRIBUTION POLICY

The Company has adopted a dividend policy, pursuant to which allowing Shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth. The declaration and payment of dividends by the Company is also subject to any restrictions under the laws of the Cayman Islands, the articles of association of the Company and any applicable laws, rules and regulations.

The Board may from time to time determine and pay to the Shareholders such interim dividends as it considers appropriate. The Board may recommend the payment of final dividends which are required to be approved by Shareholders in general meetings.

In determining/recommending the frequency, amount and form of any dividend in any financial year/period, the Board shall consider the following factors: (i) the actual and expected financial results of the Group; (ii) economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group; (iii) the Group's business strategies, including future cash commitments and investment needs to sustain the growth aspect of the business; (iv) the current and future operations, liquidity position and capital requirements of the Group; and (v) any other factors that the Board deems appropriate.

16. FOREIGN EXCHANGE POLICY

As at the Latest Practicable Date, the investments of the Company were mainly denominated in HK\$. There is no material foreign exchange exposure to the Company. Therefore, no financial instrument was made to hedge such exposures.

17. TAXATION

The principal taxes on income and capital gains of the Company and its subsidiaries are subject to the fiscal laws and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of the Shares or of exercising any rights attached to them under the laws of the jurisdiction in which they are liable to taxation.

18. BORROWING POWERS

The Board may exercise all the powers of the Company to raise or borrow money and to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Law, to issue debentures, bonds and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. Provided always that no borrowing may be made if it would result in the aggregate principal amount for the time being remaining undischarged of all moneys borrowed by the Company exceeding fifty per cent. (50%) of the latest available net asset value at the time the borrowing is made without the approval of the shareholders at a general meeting.

Debentures, bonds and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Any debentures, bonds or other securities may be issued at a discount (other than shares), premium or otherwise and with any special privileges as to redemption, surrender, drawings, allotment of shares, attending and voting at general meetings of the Company, appointment of Directors and otherwise.

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charge, and shall not be entitled, by notice to the Members or otherwise, to obtain priority over such prior charge.

The Board shall cause a proper register to be kept, in accordance with the provisions of the Law, of all charges specifically affecting the property of the Company and of any series of debentures issued by the Company and shall duly comply with the requirements of the Law in regard to the registration of charges and debentures therein specified and otherwise.

19. INFORMATION OF THE INVESTMENT MANAGER

As at the Latest Practicable Date, the Investment Manager was Avia Asset Management Limited at Unit A, Level 9, Fortis Tower, 77-79 Gloucester Road, Wanchai, Hong Kong, a company incorporated in Hong Kong with limited liability and a licensed corporation registered under the SFO to engage in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The name, address and description of the sole director of Avia Asset Management Limited are as follows:

Mr. Chiu Wai Lap (“Mr. Chiu”)

Mr. Chiu, aged 39, is a holder of Bachelor of Business Administration in Finance from The Hong Kong University of Science and Technology in 2006. Mr. Chiu has over 16 years of relevant experience in the financial industry, including business development and management, fund operations, asset allocation, portfolio management and investment advisory, etc. Mr. Chiu is a responsible officer of Avia Asset Management Limited. For the address of Mr. Chiu please refer to the paragraph headed “10. Corporate Information and Parties to the Rights Issue” in this appendix.

Save as above-mentioned and to the best of knowledge, information and belief of the Directors, as at the Latest Practicable Date, there was no common investments made by the Company and the Investment Manager; there was no common directorship between the Company and the Investment Manager; and there was no common directorship between the Company’s top ten investments and the Investment Manager.

On 15 March 2019, the Company entered into the agreement (the “**Investment Management Agreement**”) with the Investment Manager, pursuant to which the Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of two years from 1 April 2019 to 1 April 2021 or until termination by either the Company or the Investment Manager. The maximum aggregate fee payable by the Company to the Investment Manager under the Investment Management Agreement will not exceed HK\$400,000 per annum. The Investment Manager will provide non-discretionary investment management services to the Company under the Investment Management Agreement including: (i) identifying, reviewing and evaluating investment and divestment opportunities for the Company and negotiating the terms of such investment and divestment for the Company in accordance with the investment policies of the Company and directions from the Investment Committee of the Company; (ii) providing investment recommendations to the Investment Committee and assisting the Investment Committee in structuring acquisitions and disposals; (iii) executing investment and divestment decisions of the Company in accordance with the instructions of the Investment Committee; and (iv) providing general administrative services.

20. CUSTODIANS

Supreme China Securities Limited, Interactive Brokers Hong Kong Limited and Bright Smart Securities International (H.K.) Limited were appointed as the custodians to provide custody services in relation to the investments which the Company may from time to time deposit with the custodians.

The Company appointed Supreme China Securities Limited, Interactive Brokers Hong Kong Limited and Bright Smart Securities International (H.K.) Limited as its custodians on 13 May 2021, 13 August 2021 and 9 December 2022, respectively, and the Company is not required to pay custodian fee.

The Directors confirm that none of the Directors, Avia Asset Management Limited, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the investment company, or any reallowance of other types on purchases charged to the investment company.

21. RISKS RELATING TO THE COMPANY

The Company is an investment company and its funds will be invested in listed or unlisted securities, predominantly focusing in the PRC and Hong Kong market region. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company's income and its net asset value are likely to be adversely affected by external factors beyond the control of the Company. As a result, income of the fund and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

22. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Paul Yau, aged 49, obtained the Postgraduate Certificate in Laws and Bachelor of Laws from The City University of Hong Kong. He has over 22 years of experience in legal field. He is a qualified solicitor of the High Court of the Hong Kong Special Administrative Region and a member of the Law Society of Hong Kong and currently a consultant of Tam, Pun & Yipp, Solicitors.
- (b) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (c) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.
- (d) The English text of this Prospectus and the accompanying form of proxy shall prevail over the respective Chinese text in case of inconsistency.

23. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

24. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “8. EXPERT AND CONSENT” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

25. DOCUMENTS ON DISPLAY

Copies of the following documents will be will be published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://www.cflg.com.hk>) for a period of 14 days from the date of this prospectus:

- (i) the accountants’ report on the unaudited pro forma financial information of the Group set out in Appendix II to this prospectus;
- (ii) the material contracts referred to in the paragraph headed “9. Material Contracts” in this appendix; and
- (iii) the written consent of the expert referred to in the section headed “8. Expert and consent” in this appendix.