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CHINA FINANCIAL LEASING GROUP LIMITED

中國金融租賃集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2312)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes that every ten (10) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. As at the date of this announcement, there are 2,312,649,882 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 231,264,988 Consolidated Shares in issue which are fully paid or credited as fully paid.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 20,000 Existing Shares. It is proposed that, subject to the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Shares to 10,000 Consolidated Shares.

Based on the closing price of HK\$0.055 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$5,500.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further detail of the proposed Share Consolidation and the notice convening the EGM is expected to be despatched to the Shareholders on or before 30 July 2021.

* *For identification purpose only*

PROPOSED SHARE CONSOLIDATION

The Board proposes that every ten (10) Existing Shares in the issued and unissued share capital of the Company be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the date of this announcement, there are 2,312,649,882 Existing Shares in issue which are fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this announcement up to the date of the EGM, upon the Share Consolidation becoming effective, there will be 231,264,988 Consolidated Shares in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on 24 August 2021 subject to the fulfilment of the above conditions.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of

dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 20,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 20,000 Existing Shares to 10,000 Consolidated Shares.

Based on the closing price of HK\$0.055 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the value of each board lot of 10,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$5,500.

REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “Guide”) has further stated that market price of the shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules. It has also stated in the Guide that taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

Since 24 August 2020, the closing prices of the Shares were trading below HK\$0.1 and were trading at under HK\$2,000 per board lot. The proposed Share Consolidation will bring a corresponding upward adjustment in the trading price of the Company and enable the Company to increase the market price as well as each board lot value of the Shares so as to comply with the requirements under the Listing Rules and the Guide.

Save for the necessary professional expenses for the implementation of the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders.

The Board considers that the Share Consolidation is essential to achieve the above-mentioned purpose. Taking into account of the potential benefits and the insubstantial amount of costs to be incurred, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are in the best interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may affect the trading in the Shares, and the Company does not have any concrete plan to conduct any fund-raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Company. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

OTHER ARRANGEMENTS

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

Exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Tuesday, 24 August 2021, Shareholders may on or after Tuesday, 24 August 2021 and until Thursday, 30 September 2021 (both days inclusive), submit their existing share certificates in blue colour for the Existing Shares to the Company's branch share registrar in Hong Kong, Tricor Tengis Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for exchange for share certificates in red colour for the Consolidated Shares at the expense of the Company.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the share registrar for exchange of share certificates.

With effect from Tuesday, 28 September 2021, trading will only be in Consolidated Shares which share certificates will be issued in red colour. Existing share certificates in blue colour for the Existing Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

2021

Despatch date of circular with notice of the EGM	on or before Friday, 30 July
Latest time for lodging transfers of shares in order to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 16 August
Register of members closes (both days inclusive)	Tuesday, 17 August to Friday, 20 August
Record date for attendance and voting at the EGM	Friday, 20 August

2021

Latest time for lodging forms of proxy for the EGM 11:00 a.m. on
Wednesday, 18 August

Date and time of the EGM 11:00 a.m. on
Friday, 20 August

Publication of the announcement of the results of the EGM Friday, 20 August

The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation as set out in this announcement.

Effective date of the Share Consolidation Tuesday, 24 August

First day of free exchange of existing share certificates for
new share certificates for Consolidated Shares Tuesday, 24 August

Dealing in the Consolidated Shares commences 9:00 a.m. on
Tuesday, 24 August

Original counter for trading in the Existing Shares in
board lots of 20,000 Existing Shares (in the form of
existing share certificates) temporarily closes 9:00 a.m. on
Tuesday, 24 August

Temporary counter for trading in the Consolidated Shares
in board lots of 2,000 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Tuesday, 24 August

Original counter for trading in the Consolidated Shares
in board lots of 10,000 Consolidated Shares (in the form of
new share certificates for the Consolidation Shares) re-opens 9:00 a.m. on
Tuesday, 7 September

Parallel trading in the Consolidated Shares (in the form of
new share certificates for the Consolidated Shares and
existing share certificates) commences 9:00 a.m. on
Tuesday, 7 September

Designated broker starts to stand in the market to provide
matching services for odd lots of the Consolidated Shares 9:00 a.m. on
Tuesday, 7 September

Designated broker ceases to stand in the market to provide
matching services for odd lots of the Consolidated Shares 4:00 p.m. on
Tuesday, 28 September

Temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 28 September
Parallel trading in the Consolidated Shares (in the form of new share certificates for the Consolidation Shares and existing share certificates) ends	4:10 p.m. on Tuesday, 28 September
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	Thursday, 30 September

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DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted, “extreme condition” caused by super typhoons or on which a “black” rainstorm warning is issued between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Financial Leasing Group Limited, a company incorporated in the Cayman Islands with limited liability and Shares of which are listed on the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company after the Share Consolidation becoming effective
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be held to consider the ordinary resolution to be proposed to approve the Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.02 each in the existing share capital of the Company before the Share Consolidation becoming effective
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares in the share capital of the Company into one (1) Consolidated Share in the share capital of the Company
“Shareholder(s)”	Registered holder(s) of the issued Shares of the Company
“Share(s)”	the Existing Share(s) or as the context may require, the Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

For and on behalf of the Board
CHINA FINANCIAL LEASING GROUP LIMITED
Liu Hailong
Chairman

Hong Kong, 12 July 2021

As at the date of this announcement, the board of Directors of the Company comprises Mr. Chiu Wai Lap and Mr. Lui Cheuk Hang Henri as executive Directors, Mr. Liu Hailong (Chairman) and Mr. Xiao Shen as non-executive Directors, Mr. Wang Ruiyang, Mr. Lam Wai Tsin, Mr. Luk Chi Shing and Mr. Hui Yat On as independent non-executive Directors.