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CHINA FINANCIAL LEASING GROUP LIMITED

中國金融租賃集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2312)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Supreme China Securities Limited
智華證券有限公司

THE PLACING

On 29 March 2018 (after trading hours), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Placing Agent agreed to place, on a best effort basis, up to 220,000,000 Placing Shares to currently expected not less than six Placées who are Independent Third Parties.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 220,000,000 Placing Shares under the Placing represent (i) approximately 19.88% of the existing issued share capital of the Company of 1,106,649,882 Shares as at the date of this announcement; and (ii) approximately 16.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares of 1,326,649,882 Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4,400,000.

* *For identification purpose only*

The Placing Price of HK\$0.135 represents a discount of approximately 17.68% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.162 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.164 in the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The gross proceeds from the Placing will be HK\$29.7 million. The net proceeds from the Placing will amount to approximately HK\$28.96 million which is intended to be used for general working capital of the Group and potential investments to be identified. The net price raised per Placing Share will be approximately HK\$0.132.

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

29 March 2018 (after trading hours)

Issuer

The Company

Placing Agent

Supreme China Securities Limited

The Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 220,000,000 Placing Shares to independent Placees. The Placing Agent will receive a placing commission of 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by the Placing Agent. The terms of the Placing Agreement were arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition. The Directors are of the view that the terms of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its associates are Independent Third Parties. As at the date of this announcement, the Placing Agent and its associates are not interested in any Shares.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to currently expected not less than six Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties, and the Placees are professional investors (as defined in the Securities and Futures Ordinance as extended by the Professional Investor Rules). If any of the Placees becomes a substantial Shareholder (as defined under the Listing Rules) after the completion of the Placing, a further announcement will be made by the Company.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the 220,000,000 Placing Shares under the Placing represent (i) approximately 19.88% of the existing issued share capital of the Company of 1,106,649,882 Shares as at the date of this announcement; and (ii) approximately 16.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares of 1,326,649,882 Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$4,400,000.

Ranking of Placing Shares

The Placing Shares under the Placing will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.135 per Placing Share represents a discount of approximately 17.68% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.162 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.164 in the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

General Mandate

The Placing is not subject to Shareholders' approval as Placing Shares will be issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the EGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the EGM. Under the General Mandate, the Company is authorised to issue up to 221,329,976 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate.

Conditions of the Placing Agreement

The Placing, which is not subject to the approval of the Shareholders, is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares; and
- (ii) the Company obtaining all necessary written consents and approvals (if any) from the relevant authorities in respect of the Placing.

The conditions must be fulfilled on or before 20 April 2018 (or such other date as may be agreed between the Company and the Placing Agent), failing which the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Termination and force majeure events

- (i) Unless otherwise agreed between the Company and the Placing Agent, the Placing Agent's appointment shall terminate upon the earlier of (a) the completion of the Placing; and (b) termination of the Placing by the Placing Agent in accordance with the terms and conditions of the Placing Agreement, whereby the Company will be formally notified by the Placing Agent in writing in accordance with the terms of the Placing Agreement.
- (ii) The Placing Agreement may be terminated by the Placing Agent if at any time prior to 11:00 a.m. on the date of completion for the Placing Agreement, in the reasonable opinion of the Placing Agent, the success of the Placing would or might be adversely affected by any force majeure events (as defined below):
 - (a) any event, or series of events beyond the reasonable control of the Placing Agent (including, without limitation, acts of government, strikes, labour disputes, lock-outs, fire, explosion, flooding, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, terrorism, outbreak or escalation of hostilities (whether local, national or international), acts of war and acts of God); or

- (b) any change, or development (whether or not permanent) involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Company or the Group as a whole, whether or not arising in the ordinary course of business; or
 - (c) any change (whether or not permanent) or any development (whether or not permanent) involving a prospective change or any crisis in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets and conditions with respect to interest rates in Hong Kong or otherwise) or foreign exchange controls in Hong Kong or overseas or any occurrence of a combination of any such changes or developments or crises or any deterioration of any such conditions; or
 - (d) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any Director of the Company or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
 - (e) the introduction of any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority; or
 - (f) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, or in any securities of the Company on any stock exchange or over the counter market.
- (iii) If, at or prior to 11:00 a.m. on the date of completion of the Placing, there occurs:
- (a) any breach of, or any event rendering untrue, incorrect or breached in any respect, any of the representations, warranties or undertakings referred to in the Placing Agreement; or
 - (b) any breach of, or failure to perform, any of the other obligations of the Company, which are required to be performed on or before the date of completion of the Placing,

the Placing Agent may terminate the Placing Agreement without liability to the Company by giving written notice to the Company.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Completion of the Placing shall take place not later than the fifth Business Day immediately after the date on which the written confirmation issued by the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares (or such later time and/or date as the Company and the Placing Agent may agree in writing).

Shareholders and potential investors should note that the Placing is subject to conditions under the Placing Agreement to be fulfilled. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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 on a general perspective.

The maximum gross proceeds and maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent and other expenses incurred in the Placing) are expected to be HK\$29.7 million and approximately HK\$28.96 million, respectively. The Company intends to use the net proceeds from the Placing for the general working capital of the Company and potential investments to be identified. The net proceeds raised per Placing Share will be approximately HK\$0.132.

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

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The following is the equity fund raising activity conducted by the Group in the past 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
20 April 2017	Placing of 148,000,000 new Shares under general mandate	Approximately HK\$28.81 million	General working capital and potential investments to be identified	Used as intended
11 September 2017	Placing of 177,000,000 new Shares under general mandate	Approximately HK\$20.71 million	General working capital and potential investments to be identified	Used as intended

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon completion of the Placing (assuming the Placing Shares are placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and completion of the Placing) are set out as below:

	At the date of this announcement		Shareholding immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shareholder				
Tan Ying	314,080,000	28.38	314,080,000	23.67
Public Shareholders				
The Placees	–	–	220,000,000	16.58
Other public Shareholders	<u>792,569,882</u>	<u>71.62</u>	<u>792,569,882</u>	<u>59.75</u>
Total	<u>1,106,649,882</u>	<u>100.00</u>	<u>1,326,649,882</u>	<u>100.00</u>

GENERAL

The Placing Shares will be issued under the General Mandate and therefore the Placing will not be subject to any Shareholders' approval. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Board”	the board of Directors
“Company”	China Financial Leasing Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 11 January 2018 to approve the General Mandate

“General Mandate”	the mandate granted to the Directors by the Shareholders at the EGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of, not connected or acting in concert (as defined in the Hong Kong Code on Takeovers and Mergers) with any Director(s), chief executive or substantial shareholder(s) of the Company or its subsidiaries and their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of 220,000,000 Placing Shares on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	Supreme China Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 29 March 2018 in relation to the Placing
“Placing Price”	HK\$0.135 per Placing Share
“Placing Share(s)”	up to 220,000,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange” The Stock Exchange of Hong Kong Limited
“HK\$” Hong Kong dollars, the lawful currency of Hong Kong
“%” per cent.

By order of the Board
China Financial Leasing Group Limited
Wong Ka Shing
Company Secretary

Hong Kong, 29 March 2018

As at the date of this announcement, the board of Directors of the Company comprises Mr. Jim Ka Shun as executive Director, Mr. Yip Ming, Mr. Lau Siu Hang and Mr. Tsang Chung Sing Edward as independent non-executive Directors.