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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 AND RESUMPTION OF TRADING

PLACING AGENT



美高證券有限公司
METRO CAPITAL SECURITIES LTD

PLACING AGREEMENT

The Board is pleased to announce that on 1 September 2011 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement. Pursuant to the Placing Agreement, the Placing Agent has agreed, on a best effort basis, to procure not less than 6 Placees who are independent institutional, professional or individual investors to subscribe for a total of 139,635,000 Placing Shares at the Placing Price of HK\$0.051 per Placing Share.

The total number of 139,635,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 698,203,500 Shares as at the date of this announcement; and (ii) approximately 16.67% of the total of the Company's issued share capital as enlarged by the issue and allotment of the Placing Shares.

* *for identification purpose only*

The Placing Shares will be allotted and issued pursuant to the General Mandate. The Placing is conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of and permission to deal in the Placing Shares.

The gross proceeds from the Placing is approximately HK\$7.12 million. The net proceeds of approximately HK\$6.84 million from the Placing is intended to be used for securities investment and general working capital. The net price (after deduction of the costs and expenses of the Placing) per Placing Share is approximately HK\$0.049.

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

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

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 September 2011 at the request of the Company pending the release of this announcement. Application has been made by the Company for the resumption of the trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 September 2011.

THE PLACING AGREEMENT

Date

1 September 2011 (before trading hours)

Parties

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

THE PLACING

The Placing Agent, has agreed, on a best effort basis, to procure not less than 6 Placees who are independent institutional, professional or individual investors to subscribe for a total of 139,635,000 Placing Shares at the Placing Price of HK\$0.051 per Placing Share pursuant to the terms and conditions of the Placing Agreement.

The total number of 139,635,000 Placing Shares represent (i) approximately 20.00% of the existing issued share capital of the Company of 698,203,500 Shares as at the date of this announcement and (ii) approximately 16.67% of the total of Company's issued share capital as enlarged by the issue and allotment of the Placing Shares.

The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are independent of and not connected with the Company, the Directors, the chief executive and the substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).

Placees

The Placing Agent will place the Placing Shares to not less than six Placees to be determined solely by the Placing Agent, whose ultimate beneficial owners will not be connected persons of the Company and are independent of and not connected with the Company, the Directors, the chief executive and the substantial shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).

Placing Price

The Placing Price of HK\$0.051 represents:

- (i) a discount of approximately 13.56% to the closing price of HK\$0.059 per Share as quoted on the Stock Exchange on 31 August 2011, being the last trading date prior to the date of the Placing Agreement;
- (ii) a discount of approximately 16.94% to the average closing price of HK\$0.0614 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to and including 31 August 2011; and
- (iii) a discount of approximately 19.81% to the average closing price of HK\$0.0636 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to 31 August 2011.

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

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Accordingly, the Placing is not subject to Shareholders' approval.

The Company is authorized to issue up to 139,640,700 Shares under the General Mandate. No Share has been issued under the General Mandate up to the date of this announcement. Following the completion of the Placing, the General Mandate will be mostly utilized in full.

The Placing Agent shall receive a placing commission of 2.5% of the aggregate Placing Price of the Placing Shares.

Ranking of the Placing Shares

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

Conditions of the Placing

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

Completion

Completion of the Placing will take place on or before the fifth Business Day following the fulfillment of the above condition.

In the event that the condition of the Placing Agreement is not fulfilled by 30 September 2011, or such later date as may be agreed by the Company and the Placing Agent, the Placing Agreement shall be terminated, all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties shall have any claim against the others save for any antecedent breach.

REASONS FOR THE PLACING

The gross proceeds from the Placing is approximately HK\$7.12 million. The net proceeds of approximately HK\$6.84 million from the Placing is intended to be used for securities investment and general working capital. The net price (after deduction of the costs and expenses of the Placing) per Placing Share is approximately HK\$0.049.

The Directors, after considering variety ways of fund raising, believe that the Placing will bring forward an opportunity to raise capital for the Company as well as broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing is in the interests of the Company and the Shareholders as a whole.

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

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

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following fund raising activity during the past 12 months immediately before the date of this announcement:

Description	Announcement	Net Amount Raised	Intended use of proceeds as announced	Actual use of proceeds
Placing of new shares under general mandate	26 November 2010	Approximately HK\$8.3 million	securities investment and general working capital	Used as intended

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding of the Company (a) as at the date of this announcement; (b) immediately after the Placing; and (c) upon full exercise of the Warrants and Options in full are as follows:

Shareholders	As at the date of this announcement		Immediately after the Placing		Immediately after the Placing and upon exercise of the Options and Warrants in full	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Choy Git Yan, Timothy	135,382,500	19.39	135,382,500	16.16	135,382,500	13.74
Choy Kwok Hung, Patrick (Note 1)	8,250,000	1.18	8,250,000	0.98	15,225,000	1.54
Chan Chi Hung (Note 2)	6,598,500	0.95	6,598,500	0.79	13,573,500	1.38
Lam Chon Loi	51,705,000	7.40	51,705,000	6.17	51,705,000	5.25
Public Shareholders:						
Places	0	0.00	139,635,000	16.67	139,635,000	14.17
Holder of Warrants	0	0.00	0	0.00	80,309,524	8.15
Other holders of Options	0	0.00	0	0.00	53,475,000	5.42
Other public Shareholders	496,267,500	71.08	496,267,500	59.23	496,267,500	50.35
Subtotal	496,267,500	71.08	635,902,500	75.90	769,687,024	78.09
Total	698,203,500	100.00	837,838,500	100.00	985,573,024	100.00

Notes:

1. Mr. Choy Kwok Hung, Patrick is the Chairman and an executive Director of the Company, As at the date of this announcement, he is interested in 8,250,000 Shares and 6,975,000 underlying Shares upon exercise the Options in full.
2. Mr. Chan Chi Hung is an executive Director of the Company, As at the date of this announcement, he is interested in 6,598,500 Shares and 6,975,000 underlying Shares upon exercise the Options in full.

GENERAL

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

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 1 September 2011 at the request of the Company pending the release of this announcement. Application has been made by the Company for the resumption of the trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 September 2011.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 7 June 2011
“Board”	the board of Directors
“Business Day”	a day (other than Saturday and Sunday) on which banks are open in Hong Kong
“Company”	China Financial Leasing Group Limited, a company incorporated in the Cayman Islands with limited liability and its issued Shares are listed on the main board of the Stock Exchange (stock code: 2312)
“Director(s)”	director(s) of the Company

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, among other things, to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Options”	67,425,000 share options of the Company granted under the share option scheme adopted by the Company on 7 October 2002
“Placee(s)”	any institutional, professional or individual investor(s) 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 an aggregate of 139,635,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Metro Capital Securities Limited, a licensed corporation to carry out Type 1 regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 1 September 2011 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.051 per Placing Share
“Placing Shares”	an aggregate of 139,635,000 new Shares to be placed by the Placing Agent pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Warrants” a total number of 80,309,524 unlisted warrants of the Company with the subscription price of HK\$0.21 (subject to adjustment) per Share

“%” per cent

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

Hong Kong, 1 September 2011

As at the date of this announcement, the Board comprises Mr. Choy Kwok Hung, Patrick (Chairman) and Mr. Chan Chi Hung (Managing Director) and Mr. Lin Wen Pin as executive Directors, Mr. Shi Rong Chang (Deputy Chairman) and Mr. Yang Nai Jiang (Deputy Chairman) as non-executive Directors, and Mr. Yue Man Yiu, Matthew, Mr. Chung Koon Yan and Mr. Chung Shu Kun, Christopher as independent non-executive Directors.