



To the Offer Shareholders

28 July 2025

Dear Sir/Madam,

MANDATORY CONDITIONAL CASH OFFER BY



金利豐證券
KINGSTON SECURITIES

ON BEHALF OF LONGLING CAPITAL LTD

TO ACQUIRE ALL THE ISSUED SHARES OF

CHINA FINANCIAL LEASING GROUP LIMITED

(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE ACQUIRED

BY LONGLING CAPITAL LTD AND

PARTIES ACTING IN CONCERT WITH IT)

INTRODUCTION

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

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

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

THE OFFER

Principal terms of the Offer

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

For each Offer Share HK\$0.38 in cash

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

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

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

Comparison of value

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

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

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

Highest and lowest Share Prices

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

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

Total Consideration for the Offer Shares

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

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

Financial resources available for the Offer

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

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

Condition of the Offer

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

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

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

Closing of the Offer

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

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

Effect of accepting the Offer

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

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

Settlement of consideration

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

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

Hong Kong Stamp duty

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

Taxation Advice

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

Overseas Offer Shareholders

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

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

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

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

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

INFORMATION ON THE GROUP

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

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

INFORMATION ON THE OFFEROR AND MR. CAI

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

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

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

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

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

INTENTIONS OF THE OFFEROR REGARDING THE GROUP

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

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

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

Proposed changes in composition of the Board

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

Ms. Zhang Suining (張穗寧)

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

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

Mr. Choi Kam Keung, Oscar (蔡金強)

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

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

Mr. Wang Lijie (王利杰)

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

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

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

Proposed Change of Company Name

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

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

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

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

MAINTAINING THE LISTING STATUS OF THE COMPANY

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

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

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

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

COMPULSORY ACQUISITION

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

ACCEPTANCE AND SETTLEMENT OF THE OFFER

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

GENERAL

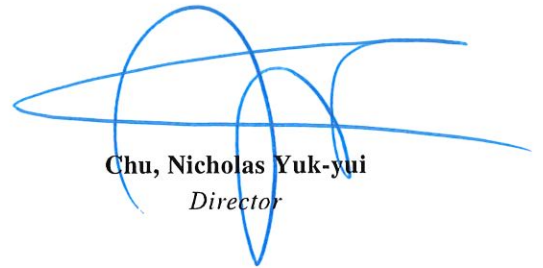
To ensure equality of treatment of all Offer Shareholders, those Offer Shareholders who hold the Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares, whose investments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

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

ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of
Kingston Securities Limited

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Chu, Nicholas Yuk-yui
Director