

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
Ms. Liu Min

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
George Town
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

28 July 2025

To the Offer Shareholders

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

Reference is made to the Joint Announcement.

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).

The purpose of this Composite Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation of the Independent Board Committee to the Offer Shareholders in respect of the Offer and as to acceptance of the Offer; and (iii) the letter from INCU, the Independent Financial Adviser, containing its advice and recommendation to the Independent Board Committee in relation to the Offer.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offer, namely Mr. Hui Yat On, Mr. Chan Pak Lam, Tom, Dr. Lau Kin Shing, Charles and Ms. Liu Min, has been established in accordance with Rule 2.1 and Rule 2.8 of the Takeovers Code to advise and give a recommendation to the Offer Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Octal Capital has been appointed as financial adviser to the Company in respect of the Offer.

Pursuant to Rule 2.1 of the Takeovers Code, INCU has been appointed as the Independent Financial Adviser by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and as to whether the Offer is, or is not, fair and reasonable so far as the Independent Shareholder are concerned and as to the acceptance of the Offer.

THE OFFER

Principal terms of the Offer

The terms of the Offer as set out in the "Letter from Kingston Securities" are extracted below. You are recommended to refer to the "Letter from Kingston Securities" as set out in this Composite Document and the Form of Acceptance for further details.

Kingston Securities, on behalf of the Offeror, is making the Offer 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.

As at the date of this Composite Document, the Company has not declared any dividend and does not have any intention to make, declare or pay any future dividend or make other distribution during the Offer Period.

Further details regarding the Offer, including the terms and procedures for acceptance of the Offer, are set out in the "Letter from Kingston Securities" and Appendix I to this Composite Document and the accompanying Form of Acceptance.

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 drawn to Appendices II and III of this Composite Document which contain further financial and general information of the Group.

SHAREHOLDING STRUCTURE OF THE GROUP

The following table sets out the shareholding structure of the Company (i) immediately before Completion; (ii) immediately after Completion and as at the Latest Practicable Date; and (iii) immediately after the close of the Offer (assuming that there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer and that the Offer is fully accepted by the Offer Shareholders):

| | Immediately before Completion | | Immediately after Completion and as at the Latest Practicable Date | | Immediately after the close of the Offer (assuming that there is no change in the total number of Shares in issue from the Latest Practicable Date up to the close of the Offer and that the Offer is fully accepted by the Offer Shareholders) (Note 1) | |
|--|----------------------------------|------------------|--|------------------|---|------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % | Number of Shares | Approximate % |
| The Vendors | | | | | | |
| Vendor A | 95,706,441 | 27.59 | — | — | — | — |
| Vendor B | 25,556,574 | 7.37 | — | — | — | — |
| The Offeror and parties acting in concert with it (Note) | — | — | 121,263,015 | 34.96 | 346,897,482 | 100.00 |
| Other public Shareholders | 225,634,467 | 65.04 | 225,634,467 | 65.04 | — | — |
| | 346,897,482 | 100.00 | 346,897,482 | 100.00 | 346,897,482 | 100.00 |

Notes:

- These shareholdings are for illustration purpose only. As the Company is an investment company under Chapter 21 of the Listing Rules, it is exempted from the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules.
- The Offeror is a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. Cai.

INFORMATION ON THE OFFEROR AND MR. CAI

Your attention is drawn to the section headed “Information on the Offeror and Mr. Cai” in the “Letter from Kingston Securities” as set out in this Composite Document.

INTENTIONS OF THE OFFEROR AND THE BOARD REGARDING THE GROUP

Your attention is drawn to the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Kingston Securities” as set out in this Composite Document.

The Board is pleased to note that it is the Offeror’s intention to acquire a majority interest in the Company pursuant to the Offer and 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. The Board is also aware that 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 Board further notes that 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. The Board is of the view that these intended investments fall within the scope of the Company’s principal investment objective of achieving an enhanced earnings stream and capital appreciation from its investments and that they are considered extension of existing investments by the Group within this scope, as opposed to a new business of the Company.

The Board is also aware that 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 referred to 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.

The Board is further aware of the Offeror’s intentions (i) to change the composition of the Board and (ii) to change the name of the Company, after the close of the Offer as mentioned in the section headed “Intentions of the Offeror regarding the Group” in the “Letter from Kingston Securities” as set out in this Composite Document.

The Board is willing to render reasonable co-operation with the Offeror if it considers that is in the interests of the Company and the Shareholders as a whole.

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 Board noted from the section headed “Maintaining the Listing Status of the Company” in the “Letter from Kingston Securities” contained in this Composite Document that 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.

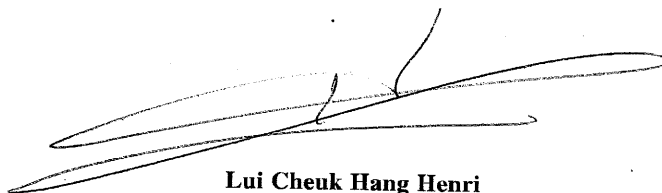
RECOMMENDATION

Your attention is drawn to the “Letter from the Independent Board Committee” set out on pages 25 to 26 of this Composite Document and the “Letter from INCU” set out on pages 27 to 51 of this Composite Document, which contain, among other things, their advice in relation to the Offer and the principal factors considered by them in arriving at their recommendation.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information contained in the appendices to this Composite Document. You are also recommended to read carefully Appendix I to this Composite Document and the accompanying Form of Acceptance for further details in respect of the procedures for acceptance of the Offer.

Yours faithfully,
By order of the Board
China Financial Leasing Group Limited



Lui Cheuk Hang Henri
Executive Director

* *For identification purpose only*