



GRAND COURT OF THE CAYMAN ISLANDS  
FINANCIAL SERVICES DIVISION

CAUSE NO. FSD OF 2022 ( )

IN THE MATTER OF SECTIONS 15 & 16 OF THE COMPANIES ACT (2022 REVISION)  
IN THE MATTER OF CHINA FINANCIAL LEASING GROUP LIMITED

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PETITION

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To: The Grand Court of the Cayman Islands

THE HUMBLE PETITION of China Financial Leasing Group Limited (the *Company*) of Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, shows that:

**INTRODUCTION**

- 1 By this Petition, the Petitioner seeks an Order of the Court, pursuant to section 16 of the Companies Act (2022 Revision) (the *Act*), confirming a reduction of the capital of the Company which has been approved by a special resolution of the Company's shareholders (the *Capital Reduction*).

**THE COMPANY**

- 2 The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 14 May 2002 with registration number CR-117618 by the Registrar of

- 3 Companies of the Cayman Islands. The Company is registered as a non-Hong Kong Company in Hong Kong with registration number 11931.

#### Change of Name

- 4 On incorporation, the initial name of the Company was "Golden 21 Investment Holdings Limited" but it has since been changed on several occasions. The last change of name of the Company took place on 29 November 2007 where it was changed to "China Financial Leasing Group Limited".

- 5 The registered office of the Company is situated at Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. Its current principal place of business in Hong Kong is situated at Unit 3501, 35<sup>th</sup> Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

#### Share Capital of the Company

- 6 On incorporation, the Company had an authorised share capital of HK\$300,000,000 divided into 3,000,000,000 shares of a nominal or par value of HK\$0.10 each. Since incorporation, the Company has undergone various reorganisations of its authorised and issued share capital through share consolidations and increases of authorised share capital.

- 7 The shares of the Company have been listed and traded on the Stock Exchange of Hong Kong Limited (the *HKSE*) with Stock Code 2312 since 28 October 2002.

- 8 As at the date of the Petition, the Company has an authorised share capital of HK\$300,000,000 divided into 1,500,000,000 ordinary shares of HK\$0.20 each (the *Existing Shares*), of which 231,264,988 shares (representing share capital in the amount of HK\$46,252,997.60) are issued and fully paid up or credited as fully paid up.

#### The Company's Business

- 9 The objects for which the Company was established are unrestricted but include, without limitation, to carry on business as an investment company and as an investment holding company and to carry out other objects more particularly set forth in the Company's

Amended and Restated Memorandum and Articles of Association adopted by special resolution on 20 August 2021 (the **Articles**).

- 10 The Company is an investment holding company. At all material times, its principal activity was and is acting as the ultimate holding company of a group of subsidiaries carrying out actual business operations (the **Group**). The Group is principally engaged in short to medium term capital appreciation by investing in a diversified portfolio of investments in listed securities in Hong Kong. The Company operates its business through only one market segment which engages in investment in listed and unlisted securities.

#### **CAPITAL REDUCTION**

##### **The Articles – Power to reduce the Company’s share capital**

- 11 Article 6 of the Articles provides as follows:

*“6. The Company may from time to time by special resolution, subject to any confirmation or consent required by the Law, reduce its share capital or any share premium account or any capital redemption reserve or other undistributable reserve in any manner permitted by the Law.”*

##### **The EGM**

- 12 On 15 March 2022, the Company held an extraordinary general meeting of the Company’s shareholders (**EGM**).
- 13 At the EGM, the following special resolution was duly passed in accordance with the Articles and Section 60 of the Act (the **Special Resolution**):

*“It was **RESOLVED***

*That subject to and conditional upon (i) an order being made by the Grand Court of the Cayman Islands (the "Court") confirming the Capital Reduction (as defined below); (ii) compliance with any terms and conditions which the Court may impose for the Capital Reduction (as defined below) to be effective; (iii) registration by the Registrar of Companies in the Cayman Islands of a copy of the order of the Court*

*confirming the Capital Reduction (as defined below) and the minutes approved by the Court containing the particulars required under the Companies Act (2021 Revision) of the Cayman Islands, as consolidated and revised, with respect to the Capital Reduction (as defined below); and (iv) the listing committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares (as defined below) arising from the Capital Reduction (as defined below) and the Sub-division (as defined below), with effect from the date on which the aforesaid conditions are fulfilled (the "Effective Date"):*

*(a) the issued and paid-up share capital of the Company be reduced ("Capital Reduction") by reducing the par value of each existing ordinary share of the Company ("Share(s)") in issue from HK\$0.20 each to HK\$0.01 each by cancelling the paid-up share capital to the extent of HK\$0.19 per Share in issue on the Effective Date so that following the Capital Reduction each such issued Share with a par value of HK\$0.20 shall be treated as one fully paid-up ordinary share with a par value of HK\$0.01 ("New Share(s)") in the share capital of the Company and any liability of the holders of such shares to make any further contribution to the capital of the Company on each such share shall be treated as satisfied and that the amount of issued share capital thereby cancelled be made available for issue of new shares of the Company;*

*(b) the entire amount standing to the credit of the share premium account be reduced with effect from the Effective Date ("Share Premium Reduction");*

*(c) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Shares with a par value of HK\$0.20 be sub-divided into 20 unissued New Shares with a par value of HK\$0.01 each in the share capital of the Company ("Sub-division") such that the current authorised share capital of the Company of HK\$300,000,000 divided into 1,500,000,000 Shares of par value of HK\$0.20 each shall become HK\$300,000,000 divided into 30,000,000,000 New Shares of par value of HK\$0.01 each following the Capital Reduction and the Sub-division becoming effective;*

*(d) the credit arising from the Capital Reduction and the Share Premium Reduction shall be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction in a manner as permitted by all applicable laws and the memorandum and articles of association of the Company and as the board of directors of the Company considers appropriate;*

*(e) each of the New Shares arising from the Capital Reduction and the Sub-division shall rank pari passu in all respects with each other and have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company; and*

*(f) the directors of the Company be and are hereby authorised severally to do all such acts and things and execute all such documents, which are ancillary to the Capital Reduction, the Share Premium Reduction and the Sub-division and of administrative nature, on behalf of the Company, including under seal where applicable, as they may consider necessary or expedient to give effect to the Capital Reduction, the Share Premium Reduction and the Sub-division."*

- 14 Together, the Capital Reduction and the Sub-Division are steps involved in the proposed capital reorganisation of the Company (the **Capital Reorganisation**).

#### **The Effect of the Capital Reorganisation**

- 15 On the effective date of the Capital Reduction, the authorised share capital of the Company will be HK\$300,000,000 divided into 30,000,000,000 of nominal value of HK\$0.01 each (the **New Shares**), of which 231,264,988 New Shares will be in issue and the aggregate nominal value of the issued share capital of the Company will be HK\$2,312,649.88.
- 16 Based on 231,264,988 Existing Shares in issue as at the date of this Petition, a credit of approximately HK\$43.94 million (equivalent to approximately US\$5.6 million) will arise as a result of the Capital Reduction (the **Capital Reduction Credit**).
- 17 The Capital Reduction Credit will be applied towards setting off the Company's accumulated losses of approximately HK\$266,636,000 (equivalent to approximately

US\$34 million) (the *Accumulated Losses*) upon the Capital Reorganisation becoming effective.

- 18 Save for the application of the Capital Reduction Credit towards offsetting the Accumulated Losses, the Capital Reduction will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests of the Shareholders. It is only the structure of the share capital which will change. The interest of the Shareholders, and in particular the net asset-backing of their shares, will not be adversely impacted by the Capital Reduction, and the Company undertakes not to declare a dividend to Shareholders as a result of the Capital Reduction.

#### **The Reasons for the Capital Reorganisation**

- 19 The Capital Reduction Credit and the Share Premium Reduction will wholly set off the Accumulated Losses based on the annual report of the Company for the year ended 31 December 2020.
- 20 Under the Act, the Company is restricted in its ability to issue shares at a price lower than the par value. The Capital Reorganisation will reduce the nominal value of the Shares, which will provide the Company with greater flexibility to accommodate the issue of further New Shares in the future when necessary. Although the Company currently has no intention and/or plans to issue further New Shares, the flexibility arising as a result of the Capital Reorganisation will enable the Company to implement any future fund raising exercise swiftly, without the need to undertake steps to reduce the nominal value which will delay any potential timetable to raise funds.
- 21 The Capital Reduction is for a discernible purpose.
- 22 The Capital Reduction does not involve either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital.

#### **Proposed form of minute**

- 23 The form of minute to be registered with the Registrar of Companies is as follows:

*"The issued share capital of China Financial Leasing Group Limited (the **Company**) was by virtue of a special resolution of the Company dated 15 March 2022 (the **Special Resolution**) and with the confirmation of an order of the Grand Court of the Cayman Islands dated [xx] 2022 (the **Order**) reduced from HK\$46,252,997.60 divided into 231,264,988 shares of HK\$0.20 each to HK\$2,312,649.88 divided into 231,264,988 shares of HK\$0.01 each. Upon such reduction of capital taking effect, the Company's authorised ordinary share capital will be increased from HK\$1,500,000,000 divided into 300,000,000 shares of HK\$0.20 each to HK\$300,000,000 divided into 30,000,000,000 shares of HK\$0.01 each."*

24 It is appropriate for the Court to confirm the Capital Reduction.

Your Petitioner therefore humble prays that:

1. The Capital Reduction which is to be effected by the special resolution set out at paragraph 12 above be confirmed and the form of minute set out at paragraph 22 above be approved by the court.
2. That all necessary inquiries may be made and directions may be given.
3. Such further or other orders as the Court thinks fit.

**AND** your Petitioner will ever pray etc

Dated this 14<sup>th</sup> day of April 2022



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**Harney Westwood & Riegels**

**Attorneys-at-Law for and on behalf of the Petitioner**

**NOTE:** This Petition is not intended to be served.

**THIS PETITION** was presented by Harney Westwood & Riegels, Attorneys-at-Law for the Petitioner[s], whose address for service is 3<sup>rd</sup> Floor, Harbour Place, 103 South Church Street, PO Box 10240, Grand Cayman KY1-1002, Cayman Islands (Ref: 054639.0001-JNW).

**NOTICE OF HEARING**

**TAKE NOTICE THAT** the hearing of this Petition will take place at the Law Courts, George Town, Grand Cayman, Cayman Islands on *15 July* 2022 at *9* am/~~pm~~.

Any correspondence or communication with the Court relating to the hearing of this Petition should be addressed to the Registrar of the Financial Services Division of the Grand Court at PO Box 495, George Town, Grand Cayman KY1-1106, Cayman Islands; Tel: 3459494296.