

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 379)**

## **DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY**

### **BACKGROUND**

The Board is pleased to announce that on 8 January 2019 (after trading hours) the Purchaser, a wholly-owned subsidiary of the Company, the Vendor, the Vendor's Guarantor, and Great Wisdom entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase the Sale Share, which represent the entire issued share capital of the Target Company as at the date of Completion, in the Consideration of HKD90,000,000 from the Vendor. The Vendor's Guarantor has agreed to guarantee the due and punctual performance of the Vendor with its obligations under the Share Purchase Agreement. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company. The Target Company, through its subsidiaries, (i) holds 100% interest in the Property, and (ii) is principally engaged in the research and studies and design of industrial biotechnology products, the wholesale of food additives and the provision of technology consultation services. The major assets owned by the Target Group include the Property, facilities and equipment used for research and studies of biotechnology.

## **LISTING RULES IMPLICATION**

Each of the Vendor and Great Wisdom is a company, and the issued share capital of each of which is ultimately owned by the Vendor's Guarantor, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. The Vendor, Great Wisdom and the Vendor's Guarantor are associates of Mr. Wong Lik Ping as defined under the Listing Rules, and, thus, connected persons of the Company as defined thereunder. The transactions contemplated under the Share Purchase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the notification, announcement, circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Share Purchase Agreement are more than 5% but lower than 25%, the transactions contemplated under the Share Purchase Agreement also constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Wong Lik Ping has abstained from voting on the relevant resolutions of the Board in accordance with the articles of association of the Company. Other than Mr. Wong Lik Ping, none of the other Directors is required to abstain from voting on the relevant resolution of the Board.

The EGM will be convened for the independent Shareholders to consider if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Share Purchase Agreement shall abstain from voting to approve the Share Purchase Agreement and the Acquisition at the EGM. As at the date of this announcement, Mr. Wong Lik Ping, being a substantial Shareholder of the Company, holds approximately 16.12% of the issued share capital of the Company and, will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save for Mr. Wong Lik Ping, as at the date of this announcement, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Share Purchase Agreement which is different from the other Shareholders.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin, has been established to consider the terms of the Share Purchase Agreement and the transactions contemplated thereunder, and to advise the independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Share Purchase Agreement. The Independent Board Committee will form its view in respect of the terms of the Acquisition after obtaining and consideration the advice from the Independent Financial Adviser. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in this connection.

A circular containing, among other things, (i) information on the Acquisition; (ii) the recommendation of the Independent Board Committee in respect of the Acquisition; (iii) the advice of the Independent Financial Adviser regarding the terms of the Acquisition; (iv) the Property Valuation Report; (v) the Target Company Valuation Report; and (vi) other information as required under the Listing Rules, shall be despatched to the Shareholders on or before 1 February 2019, as additional time is required to prepare the information to be included in the circular.

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

Reference is made to the announcement of the Company dated 2 November 2018. As disclosed in the announcement, the Purchaser and Great Wisdom entered into the MOU indicating the intention of the Purchaser and Great Wisdom to enter into the acquisition agreement in respect of the possible acquisition of 100% equity interest in Shanghai Lizu or assets of Shanghai Lizu during the exclusivity period. Upon further negotiation with the Vendor, the Vendor's Guarantor and Great Wisdom, it was agreed that the deal structure would be changed in a way that the Purchaser will acquire the entire issued share capital of the Target Company, the holding company of Great Wisdom.

The Board is pleased to announce that on 8 January 2019 (after trading hours) the Purchaser, a wholly-owned subsidiary of the Company, the Vendor, the Vendor's Guarantor, and Great Wisdom entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase the Sale Share, which represent the entire issued share capital of the Target Company as at the date of Completion, in the Consideration of HKD90,000,000 from the Vendor. The Vendor's Guarantor has agreed to guarantee the due and punctual performance of the Vendor with its obligations under the Share Purchase Agreement. The major terms of the Share Purchase Agreement are summarised below:

## **THE SHARE PURCHASE AGREEMENT**

### **Date**

8 January 2019

### **Parties**

- (i) The Purchaser;
- (ii) The Vendor;
- (iii) The Vendor's Guarantor; and
- (iv) Great Wisdom.

### **Assets to be acquired**

The Sale Share which represents the entire issued share capital of the Target Company.

### **Information about the Target Company**

The Target Company is a limited liability company incorporated in the BVI. It is principally engaged in the research and studies and design of industrial biotechnology products, the wholesale of food additives and the provision of technology consultation services. The major assets owned by the Target Group include the Property, facilities and equipment used for research and studies of biotechnology.

## **Information about the Property**

The Property is owned by Shanghai Lizu, a wholly-owned indirect subsidiary of the Target Company. The Property is located in Shanghai, the PRC at an industrial park named as “Caohejing Hi-Tech Park”. The total gross floor area of the Property is 6,546.83 sq m. The land use rights of the Property have been granted for a term from 28 February 2007 to 27 February 2057 for industrial use.

## **FINANCIAL INFORMATION OF THE TARGET GROUP**

Set out below is a summary of the consolidated unaudited financial information of the Target Group for the two years ended 31 December 2017 and 31 December 2018, respectively:

	<b>For the year ended 31 December 2017 <i>RMB'000</i></b>	<b>For the year ended 31 December 2018 <i>RMB'000</i></b>
Net loss before taxation	5,744	15,528

## Consideration

The amount of the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and are on normal commercial terms, with reference to, among others, the preliminary valuation as stated in the draft Target Company Valuation Report prepared by an independent valuer based on the Asset/Cost Approach to determine the equity value of the Target Group. According to the draft Target Company Valuation Report, the fair value of the entire equity interest of the Target Company is RMB84,318,000 (approximately HKD96,122,520) as of 30 November 2018. The Consideration represents a discount of approximately 6.37% to the fair value of the entire equity interest of the Target Company under the abovementioned valuation. Given the fact that the Property represents a substantial asset value of the Target Company, the Company also considered the valuation as stated in the draft Property Valuation Report which is also prepared by an independent valuer based on the Direct Comparison Approach. According to the draft Property Valuation Report, the market value of the Property is RMB79,200,000 (approximately HKD90,288,000) as of 30 November 2018.

In addition, the Company has also considered the future synergy, costs saving and potential business opportunities, so as to come up with the amount of the Consideration.

The Consideration for the Sale Share shall be HKD90,000,000 payable by the Purchaser or Great Wisdom (as the case maybe) to the Vendor (or its nominee) in the following manners:

1. as to HKD20,000,000, being the earnest money (the "**Earnest Money**") and the part payment towards the consideration for the Sale Share, is payable by Great Wisdom upon the execution of the Share Purchase Agreement;
  - i. the Earnest Money was paid by the Purchaser to Great Wisdom following the execution of the MOU;
2. as to HKD25,000,000, being part of the refundable deposit (the "**Deposit**", the Earnest Money and the Deposit collectively "**Refundable Deposit**") and the part payment towards the consideration for the Sale Share, is payable by the Purchaser upon the execution of the Share Purchase Agreement; and
3. as to the remaining balance of HKD45,000,000, which shall be payable by the Purchaser upon Completion.

The Company is intended to settle the Consideration by way of internal resources of the Group, which were derived from the net proceeds from the disposal of 25% equity interest in Rizhao Lanshan Wansheng Harbour Company Limited\* (日照嵐山萬盛港業有限責任公司) (the “**Disposal**”). Please refer to the circular of the Company dated 25 June 2018 (the “**Circular**”) for further details of the Disposal.

As disclosed in the announcement of the Company dated 8 November 2018, the Company reallocated HKD80,000,000 being the principal sum of the loan facility as provided by a subsidiary of the Group, of the proceeds derived from the Disposal from the finance lease business to the money lending business due to lack of feasible finance lease projects as a result of the unfavorable financial environment in the PRC. In light of the business potential arising from the Acquisition and the current unfavorable financial environment in the PRC, the Company will further reallocate HKD90,000,000 of the proceeds derived from the Disposal from the finance lease business to satisfy the Consideration of the Acquisition. Upon Completion, the Company is intended to utilize approximately HKD30,000,000 of the proceeds derived from the Disposal for further development of the Group’s new business – manufacturing of food additives in the PRC and the usage of which is consistent with the paragraph headed “Use of Proceeds” in the section headed “Letter from the Board” in the Circular.

### **Conditions Precedent**

Completion is conditional upon the fulfillment of a number of conditions, including but not limited to the following: –

1. having obtained the approval from the independent Shareholders at the EGM in respect of the Share Purchase Agreement and the transactions contemplated thereunder;
2. the Purchaser having completed its due diligence investigation in respect of but without limitation to its financials, legal aspects, management and having completed the valuation of the Property, and the Purchaser being satisfied with the results of the due diligence investigation;
3. having obtained all the necessary approvals and consents for the sale and purchase of the Sale Share and all these approvals and consents remaining valid and subsisting;
4. no material adverse change on the operation of the Target Group;

5. nothing having happened that has caused or will cause or expect to cause any material adverse change to the Target Group prior to the Completion;
6. all the lenders of the Target Group having waived their repayment rights, if any, in respect of the debts owing to them, including but not limited to the debt in a sum of RMB5,000,000 owing by the Target Group to Tibet Jinyi Property Company Limited\* (西藏金宜置業有限公司);
7. all the representations made by the Vendor in respect of the businesses, assets and other information of the Target Group remaining accurate and without errors; and
8. having obtained all permits and approvals in respect of the Target Group and its assets.

The Purchaser may waive any Conditions Precedent save and except the conditions (1) and (3) above. If any of the Conditions Precedent is not fulfilled before the Long Stop Date, the Share Purchase Agreement shall lapse and be terminated. In any event, the Vendor shall refund the Refundable Deposit in full without interest to the Purchaser within 7 business days upon the termination of the Share Purchase Agreement.

### **Completion**

Completion shall take place on the third business day after the fulfilment (or wavier, if applicable) of all the Conditions Precedent or such other date as the Purchaser may direct.

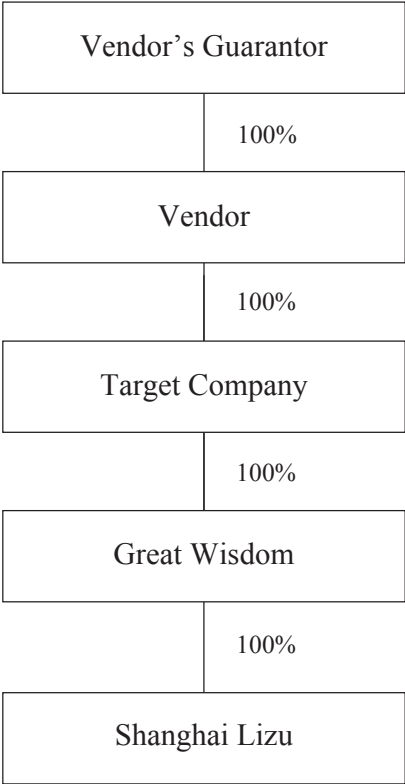
Upon Completion, the Target Company will become a subsidiary of the Company and accordingly its financial results will be consolidated into the accounts of the Group.



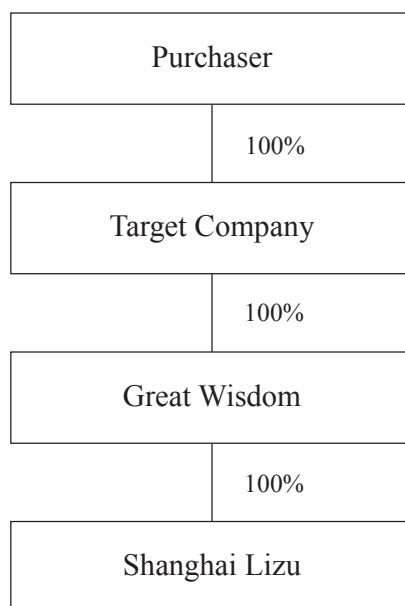
**Structure of the Target Group**

The following charts show the group structure of the Target Group (i) as at the date of this announcement; and (ii) immediately after Completion:

*As at the date of this announcement*



*Immediately after Completion*



## **INFORMATION OF THE VENDOR, VENDOR’S GUARANTOR AND GREAT WISDOM**

The Vendor is an investment holding company incorporated in the BVI, the entire issued share capital of which is owned by the Vendor’s Guarantor, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. Great Wisdom is an investment holding company incorporated in Hong Kong, the entire issued share capital of which is owned by the Target Company. Therefore, each of the Vendor’s Guarantor, the Vendor, being a company wholly-owned by the Vendor’s Guarantor, and Great Wisdom, being an indirect wholly-owned subsidiary of the Vendor, are associates of Mr. Wong Lik Ping as defined under the Listing Rules.

## **INFORMATION OF THE COMPANY AND THE PURCHASER**

The principal business of the Group comprises (i) finance lease; (ii) investment in terminal and logistics services business; (iii) trading of equity securities; (iv) money lending business; and (v) manufacturing of food additives. The Purchaser, which is an indirectly wholly-owned subsidiary of the Company, is an investment holding company.

## **REASONS AND BENEFITS FOR THE ACQUISITION**

The Group is committed to seek business opportunities and intends to acquire high quality business and asset with good potential for expansion of the Group's business in order to diversify the Group's income stream and enhance Shareholders' value. Given that the Target Company is engaged in, among others, the wholesale of food additives and the research and studies and design of industrial biotechnology products, the Board considers the Acquisition and the entering into of the Share Purchase Agreement could help to further diversify the Group's business and will expand and create synergy effect with the Group's existing food additives business. The Board (including the independent non-executive Directors) considers the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and are entered into on normal commercial terms and in the interests of the Group and its shareholders as a whole.

## **LISTING RULES IMPLICATION**

Each of the Vendor and Great Wisdom is a company, and the issued share capital of each of which is ultimately owned by the Vendor's Guarantor, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. The Vendor, Great Wisdom and the Vendor's Guarantor are associates of Mr. Wong Lik Ping as defined under the Listing Rules, and, thus, connected persons of the Company as defined thereunder. The transactions contemplated under the Share Purchase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the notification, announcement, circular and independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Share Purchase Agreement are more than 5% but lower than 25%, the transactions contemplated under the Share Purchase Agreement also constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Mr. Wong Lik Ping has abstained from voting on the relevant resolutions of the Board in accordance with the articles of association of the Company. Other than Mr. Wong Lik Ping, none of the other Directors is required to abstain from voting on the relevant resolution of the Board.

The EGM will be convened for the independent Shareholders to consider if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Share Purchase Agreement shall abstain from voting to approve the Share Purchase Agreement and the Acquisition at the EGM. As at the date of this announcement, Mr. Wong Lik Ping, being a substantial Shareholder of the Company, holds approximately 16.12% of the issued share capital of the Company and, will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save for Mr. Wong Lik Ping, as at the date of this announcement, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Share Purchase Agreement which is different from the other Shareholders.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin, has been established to consider the terms of the Share Purchase Agreement and the transactions contemplated thereunder, and to advise the independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Share Purchase Agreement. The Independent Board Committee will form its view in respect of the terms of the Acquisition after obtaining and consideration the advice from the Independent Financial Adviser. Red Sun Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders in this connection.

A circular containing, among other things, (i) information on the Acquisition; (ii) the recommendation of the Independent Board Committee in respect of the Acquisition; (iii) the advice of the Independent Financial Adviser regarding the terms of the Acquisition; (iv) the Property Valuation Report; (v) the Target Company Valuation Report; and (vi) other information as required under the Listing Rules, shall be despatched to the Shareholders on or before 1 February 2019, as additional time is required to prepare the information to be included in the circular.

## **GENERAL**

**Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Acquisition”	the purchase of the entire issued share capital of the Target Company as contemplated under the Share Purchase Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a company incorporated in the Cayman Islands whose shares are listed and traded on the Stock Exchange
“Completion”	completion of the Share Purchase Agreement
“Conditions Precedent”	the conditions precedent to the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the aggregate consideration of HKD90,000,000 for the acquisition of the Sale Share pursuant to the Share Purchase Agreement

“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Shareholders to be held for the purpose of approving, among others, the Share Purchase Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Great Wisdom”	Great Wisdom Technology Limited (偉智科技有限公司), a company incorporated in Hong Kong with limited liability in 2014, the entire issued share capital of which is owned by the Target Company
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a board committee comprising all the independent non-executive Directors, namely Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 March 2019 or such later date as the Purchaser and the Vendor may agree in writing
“MOU”	a memorandum of understanding dated 1 November 2018 entered into between the Purchaser and Great Wisdom in relation to the possible acquisition of 100% equity interest of Shanghai Lizu or its assets
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the PRC for the purpose of this announcement

“Property”	an industrial building comprising Units 102, 103, 202, 203, 302, 303, 402 and 403, located at Block 6 No. 188 Xinjunhuan Road, Minhang District, Shanghai, the PRC
“Property Valuation Report”	a valuation report on the Property prepared by an independent valuer
“Purchaser”	High Grace Holdings Limited (高優集團有限公司), a company incorporated in Hong Kong with limited liability in 2017 and an indirectly wholly-owned subsidiary of the Company
“Independent Financial Adviser”	Red Sun Capital Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	100% of the issued share capital of the Target Company as at the date of Completion
“Share(s)”	ordinary share of HKD0.01 each in the share capital of the Company
“Shareholder(s)”	holder of the Shares
“Share Purchase Agreement”	a share purchase agreement dated 8 January 2019 entered into between the Purchaser, the Vendor, the Vendor’s Guarantor and Great Wisdom in relation to the Acquisition
“Shanghai Lizu”	Shanghai Lizu Biotechnology Company Limited* (上海立足生物科技有限公司), a company established in the PRC with limited liability in 2014, the entire equity interest of which is owned by Great Wisdom

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Quantum Power Limited (勁力有限公司), a company incorporated in the BVI with limited liability in 2014, the entire issued share capital of which is owned by the Vendor
“Target Company Valuation Report”	a valuation report on the equity interest of the Target Company prepared by an independent valuer
“Target Group”	the Target Company together with its subsidiaries
“Vendor”	Ocean Edge Investments Limited (泓海投資有限公司), a company incorporated in the BVI with limited liability in 2014, the entire issued share capital of which is owned by the Vendor’s Guarantor
“Vendor’s Guarantor”	Mr. Wang Liang, the son of Mr. Wong Lik Ping who is an executive Director and a substantial Shareholder
“%”	per cent

*In this announcement, translation of RMB into HKD based on the exchange rate of RMB1.00 to HKD1.14. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.*

By order of the Board  
**China Ever Grand Financial Leasing Group Co., Ltd.**  
**Lai Ka Fai**  
*Executive Director*

Hong Kong, 8 January 2019

*As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke and Mr. Qiao Weibing as executive Directors; and (2) Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin as independent non-executive Directors.*

\* *For identification purposes only*