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

**(Stock Code: 379)**

## **DISCLOSABLE AND CONNECTED TRANSACTION CAPITAL INJECTION INTO BEIJING EVER GRAND INTERNATIONAL FINANCE LEASE CO., LTD.**

### **CAPITAL INJECTION**

On 24 May 2016 (after trading hours), the board of directors of Beijing Ever Grand approved the board resolution to increase its registered share capital by US\$44 million, from US\$36 million to US\$80 million, by way of capital contribution in cash to be contributed by Hong Kong Ever Grand, a wholly owned subsidiary of the Company, and by Zhong An, pro rata to their respective shareholding in Beijing Ever Grand. Under the Capital Injection, the Company and Zhong An shall contribute approximately US\$22.61 million and US\$21.39 million, respectively. Following completion of the Capital Injection, shareholding of the Company and Zhong An in Beijing Ever Grand will remain unchanged at 51.39% and 48.61%, respectively.

### **LISTING RULES IMPLICATIONS**

As all of the applicable percentage ratios as set out in Chapter 14 of the Listing Rules with respect to the Capital Injection are greater than 5% but less than 25%, the Capital Injection constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements.

As Zhong An is a substantial shareholder of Beijing Ever Grand, an indirect non-wholly owned subsidiary of the Company, Zhong An is a connected person at the subsidiary level, and the Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Capital Injection and the independent non-executive Directors have confirmed that the terms of the Capital Injection are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole. Accordingly, the Capital Injection is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. No Director has a material interest in the Capital injection and none of them is required to abstain from voting on the Board resolution for approving the Capital Injection.

### **BACKGROUND**

Reference is made to the announcement of the Company dated 21 July 2015 and the circular of the Company dated 30 October 2015. On 21 July 2015, the Company entered into an agreement to obtain 51.39% equity interest in Beijing Ever Grand. The Acquisition constituted a very substantial acquisition and connected transaction of the Company. Completion of the Acquisition took place on 7 January 2016.

## **THE CAPITAL INJECTION**

On 24 May 2016 (after trading hours), the board of directors of Beijing Ever Grand approved the board resolution to increase its registered share capital by US\$44 million, from US\$36 million to US\$80 million, by way of capital contribution in cash to be contributed by Hong Kong Ever Grand, a wholly owned subsidiary of the Company, and by Zhong An, pro rata to their respective shareholding in Beijing Ever Grand. Following completion of the Capital Injection, shareholding of the Company and Zhong An in Beijing Ever Grand will remain unchanged at 51.39% and 48.61%, respectively.

The Capital Injection shall become effective upon obtaining approval from (i) the board of directors of each of the Company and Zhong An, with respect to the Capital Injection, and (ii) 北京商務委員會(Beijing Municipal Commission of Commerce), with respect to the Capital Injection.

### **Consideration**

Under the Capital Injection, the Company and Zhong An shall contribute approximately US\$22.61 million and US\$21.39 million, respectively. The amount of capital contribution under the Capital Injection has been determined after arm's length negotiation between the parties to the Capital Injection, taking into account the need to strengthen the financial standing and capabilities of Beijing Ever Grand.

### **Settlement of Capital Injection**

All outstanding capital commitments under the Capital Injection shall be settled by the relevant parties according to the capital position of themselves and their controlling shareholders within five years from the date of completion of the change of business registration of Beijing Ever Grand with respect to the Capital Injection.

The parties can negotiate and postpone the time for settlement.

## **INFORMATION OF THE PARTIES**

The principal activities of the Company are the manufacture and trading of polishing materials and equipment, provision of finance leasing and related consulting services, trading of equity securities, investment in terminal and logistics services business and investment holding.

Zhong An is a company established in the PRC with limited liability. Its principal businesses are equity investment and fund management.

Beijing Ever Grand is a PRC incorporated company with limited liability. Its principal business activities are in the provision of financial leases and related consultancy services.

Set out below is the audited financial information of Beijing Ever Grand for the year ended 31 December 2014 and 2015:

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB\$'000</b>	<b>RMB\$'000</b>
Turnover	<b>190,807</b>	100,912
Profit before taxation for the year	<b>44,639</b>	36,635
Profit for the year	<b>33,353</b>	29,275
	<b>As at 31 December</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB\$'000</b>	<b>RMB\$'000</b>
Net assets	<b>260,752</b>	224,513

*Note: Beijing Ever Grand became a non-wholly owned subsidiary of the Company upon completion of the Acquisition on 7 January 2016. As such, the profit and loss result of Beijing Ever Grand was consolidated into the Company's financial information only after 7 January 2016.*

The audited financial information of Beijing Ever Grand for the year ended 31 December 2015 are prepared in accordance with PRC Generally Accepted Accounting Principles, whereas the audited financial information for the year ended 31 December 2014 are prepared in accordance with Hong Kong Financial Reporting Standards.

## **REASONS FOR AND BENEFIT OF THE CAPITAL INJECTION**

Beijing Ever Grand is principally engaged in the provision of finance leasing and relating consultancy services in the PRC. As stated in the Circular, for each financial lease transaction engaged, the Company will in turn seek to obtain financing from commercial banks and other financial institutions. The approval for such financing will depend heavily on good financial standing, for which registered share capital is a primary factor.

The Board considers the increase in registered capital will strengthen Beijing Ever Grand's financial standing and capabilities, augmenting its negotiating powers in obtaining more favourable financing terms and conditions from commercial banks and other financial institutions. This gives Beijing Ever Grand a competitive advantage over its competitors and would have positive direct impacts on its operations.

Taking into account the aforesaid factors, the Directors (including the independent non-executive Directors) consider that the Capital Injection is in the interest of the Company, and the terms of the Capital Injection are on normal commercial terms, fair and reasonable, and in the interest of the Company and Shareholders as a whole.

## **FINANCIAL EFFECT**

Following completion of the Capital Injection, the registered capital of Beijing Ever Grand will be increased from US\$36 million to US\$80 million, which shall be owned 51.39% by the Company and 48.61% by Zhong An. Beijing Ever Grand will continue to be a subsidiary of the Company and the financial results of Beijing Ever Grand will continue to be consolidated by the Company. The Capital Injection will not result in any significant impact to the profit or loss of the Company.

It is expected that the Capital Injection will be funded through equity financing, including but not limited to placing of new Shares under general or specific mandate, and internal resources of the Company within five years from the date which the business license of Beijing Ever Grand have been updated to reflect the change in registered capital.

## **LISTING RULES IMPLICATIONS**

As all of the applicable percentage ratios as set out in Chapter 14 of the Listing Rules with respect to the Capital Injection are greater than 5% but less than 25%, the Capital Injection constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements.

As Zhong An is a substantial shareholder of Beijing Ever Grand, an indirect non-wholly owned subsidiary of the Company, Zhong An is a connected person at the subsidiary level, and the Capital Injection constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. The Board has approved the Capital Injection and the independent non-executive Directors have confirmed that the terms of the Capital Injection are fair and reasonable, on normal commercial terms and in the interest of the Company and the Shareholders as a whole. Accordingly, the Capital Injection is exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules. No Director has a material interest in the Capital injection and none of them is required to abstain from voting on the Board resolution for approving the Capital Injection.

## **DEFINITIONS**

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

“Acquisition”	the acquisition by the Group of 51.39% equity interest in Beijing Ever Grand pursuant to the agreement dated 21 July 2015, which was completed on 7 January 2016
“Beijing Ever Grand”	北京恒嘉國際融資租賃有限公司(Beijing Ever Grand International Finance Lease Co., Ltd.*), a company with limited liability which was established in the PRC on 6 April 2010
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in the PRC throughout their normal business hours

“Capital Injection(s)”	the proposed capital injection by the Company and Zhong An into Beijing Ever Grand pro-rata to their shareholding in Beijing Ever Grand
“Circular”	the circular of the Company dated 30 October 2015 in relation to the Transactions
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a Cayman Island incorporated company with limited liability, and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 379)
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	On 21 July, 2015, the Company entered into an agreement to obtain 51.39% equity interests of Beijing Ever Grand, which constituted a very substantial transaction that was completed on 7 January 2016

“Zhong An”	中安資產管理(天津)有限公司(前稱為中安股權投資基金管理(天津)有限公司) Zhong An Assets Management (Tianjin) Limited (Formerly known as Zhong An Equity Investment Fund Management (Tianjin) Limited*), an independent third party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

\* *The English translation of Chinese names or words in this announcement, where indicated, are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

*For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of RMB1.00 to HK\$1.20 and conversion of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.80. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.*

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

Hong Kong, 24 May 2016

*As at the date of this announcement, the Board comprises Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke and Mr. Qiao Weibing as executive Directors, Mr. Cheng Kwok Woo and Ms. Yeung Sau Han Agnes as non-executive Directors and Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin as independent non-executive Directors.*