

*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)**

**VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO  
THE DISPOSAL OF ENTIRE EQUITY INTERESTS  
IN TEAMCOM GROUP LIMITED**

**THE DISPOSAL**

On 17 November 2016 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Equity at the Consideration of HK\$10,000,000. Completion shall be conditional, among other things, upon the approval of the Disposal Agreement and the transactions contemplated thereunder by the Shareholders at the EGM.

The Disposal Company, an indirect wholly-owned subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Disposal Group is principally engaged in the Polishing Materials and Equipment Business.

## **LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is 75% or more, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal.

## **GENERAL**

A circular containing, among other things, details of the Disposal Agreement and the Disposal Group, the financial information of the Group, the financial information of the Disposal Group, the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 9 December 2016, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**Completion of the Disposal is conditional upon the satisfaction of the conditions set out in the sections headed "Conditions precedent" in this announcement, including the approval of the Disposal Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## **INTRODUCTION**

On 17 November 2016 (after trading hours of the Stock Exchange), the Vendor and the Purchaser entered into the Disposal Agreement, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Equity.

## THE DISPOSAL AGREEMENT

### Date

17 November 2016 (after trading hours of the Stock Exchange)

### Parties

Vendor : Lucky Ride Investments Limited

Purchaser : Harmonic Lead Limited

Lucky Ride Investments Limited, a company incorporated in the BVI with limited liability, is a wholly-owned subsidiary of the Company, and is principally engaged in investment holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is a company incorporated in Republic of Seychelles and is principally engaged in investment holding; and (ii) the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

### Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor shall dispose of the Sale Equity, representing the entire equity interests in the Disposal Company. The Disposal Company is principally engaged in investment holding. The Disposal Group is principally engaged in the provision of manufacture and trading of polishing materials and equipment (the “**Polishing Materials and Equipment Business**”).

## **Consideration**

The Consideration of the Disposal is HK\$10,000,000 which will be settled in the following manners:

- (i) the first instalment in the sum of HK\$5,000,000 to be paid by the Purchaser by way of wire transfer to the Vendor on or before the seventh Business Day after the Completion Date; and
- (ii) the second instalment in the sum of HK\$5,000,000 to be paid immediately by the Purchaser by way of wire transfer to the Vendor on or before the date falling on the date of the first anniversary of the Completion Date.

## **Basis of consideration**

As at 30 June 2016, the unaudited net asset value of the Disposal Group was approximately HK\$104,106,000. Completion of the Disposal is conditional upon, among other thing, the Company, a subsidiary of the Disposal Company and the Disposal Company entering into the waiver documents, pursuant to which the Disposal Company and the Remaining Group shall waive the mutual debts due from each other effectively, of which the net amount due from the Remaining Group to the Disposal Group is approximately HK\$73,622,000. After waiving the net amount due from the Remaining Group to the Disposal Group, the adjusted unaudited net asset value of the Disposal Group as at 30 June 2016 would be approximately HK\$30,484,000.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the (i) adjusted unaudited net asset value of the Disposal Group of approximately HK\$30,484,000 after waiving an amount due from the Remaining Group to the Disposal Group of approximately HK\$73,622,000; (ii) the unaudited consolidated loss after taxation of the Disposal Group for the two years ended 31 December 2014 and 2015 and for the six months ended 30 June 2016 of approximately HK\$4,540,000, HK\$6,503,000 and HK\$7,253,000, respectively; and (iii) the expected continuing loss-making condition due to the continuing difficult operating environment of the Polishing Materials and Equipment Business as detailed in the section headed "Reasons for and benefit of the Disposal" below.

The Directors consider that the terms and conditions of the Disposal are fair and reasonable and are on normal commercial terms and are in the best interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

Completion of the Disposal Agreement is conditional upon (i) waiving of the net amount due from the Remaining Group to the Disposal Group of approximately HK\$73,622,000; and (ii) passing by the Shareholders of the ordinary resolution(s) at the EGM to approve the Disposal Agreement and the transactions contemplated thereunder.

In the event that the above conditions are not fulfilled on or before Long Stop Date (or such other date that may be agreed by the parties in writing), the Disposal Agreement shall lapse and none of the parties to the Disposal Agreement shall have any further obligations towards the other thereunder except for any antecedent breaches of the Disposal Agreement (if any).

## **Completion**

Completion shall take place upon fulfilment of the conditions precedent under the Disposal Agreement.

Upon Completion, the Company will cease to hold any equity interest in the Disposal Company and the results of the Disposal Group will no longer be consolidated into the consolidated financial statements of the Company.

## **INFORMATION ON THE DISPOSAL GROUP**

The Disposal Company, an indirect wholly-owned subsidiary of the Company, is a company incorporated in the BVI with limited liability and is principally engaged in investment holding. The Disposal Group is principally engaged in the Polishing Materials and Equipment Business.

## Financial information of the Disposal Group

Set out below is extracted financial information of the Disposal Group as extracted from its unaudited management accounts prepared in accordance with the HKFRSs for the two years ended 31 December 2014 and 2015 and six months ended 30 June 2016:

|                          | <b>For the year ended</b> |                 | <b>For the</b>       |
|--------------------------|---------------------------|-----------------|----------------------|
|                          | <b>31 December</b>        |                 | <b>six months</b>    |
|                          | <b>2014</b>               | <b>2015</b>     | <b>ended 30 June</b> |
|                          | <i>HK\$'000</i>           | <i>HK\$'000</i> | <i>2016</i>          |
|                          |                           |                 | <i>HK\$'000</i>      |
| Turnover                 | 89,797                    | 82,767          | 22,091               |
| Net loss before taxation | (4,513)                   | (6,489)         | (7,253)              |
| Net loss after taxation  | (4,540)                   | (6,503)         | (7,253)              |

  

|                   | <b>As at 31 December</b> |                 | <b>As at</b>    |
|-------------------|--------------------------|-----------------|-----------------|
|                   | <b>2014</b>              |                 | <b>30 June</b>  |
|                   | <b>2014</b>              | <b>2015</b>     | <b>2016</b>     |
|                   | <i>HK\$'000</i>          | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Total assets      | 118,463                  | 125,000         | 117,617         |
| Total liabilities | (10,788)                 | (13,641)        | (13,511)        |
| Net assets        | 107,675                  | 111,359         | 104,106         |

As at 30 June 2016, the unaudited net asset value of the Disposal Group was approximately HK\$104,106,000. Total assets of the Disposal Group were approximately HK\$117,617,000 as at 30 June 2016 which were mainly made up of an amount due from the Remaining Group to the Disposal Group of approximately HK\$73,622,000 as of 30 June 2016.

After waiving the amount due from the Remaining Group to the Disposal Group of approximately HK\$73,622,000, the adjusted unaudited net asset value of the Disposal Group as at 30 June 2016 would be approximately HK\$30,484,000.

## **REASONS FOR AND BENEFIT OF THE DISPOSAL**

The principal business of the Group comprises (i) Polishing Materials and Equipment Business; (ii) trading of equity securities; (iii) investment in terminal and logistics services business; (iv) finance lease; and (v) investment holding. The Polishing Materials and Equipment Business is operated by the Disposal Group.

As shown in the section headed “Financial information of the Disposal Group” above, the revenue of the Polishing Materials and Equipment Business has been loss-making for the two financial years ended 31 December 2014 and 2015 and six months ended 30 June 2016. In fact, the Polishing Materials and Equipment Business has been loss-making since the year ended 31 December 2007. The Directors consider that under the current economic environment, the poor performance of the Polishing Materials and Equipment Business is expected to continue and there is no sign of improvement in the foreseeable future, and the Polishing Materials and Equipment Business would remain a financial burden to the Group as well as ineffective use of resources.

In view of the foregoing, the Directors consider that it is in the interest of the Group and the Shareholders as a whole to seize the aforesaid opportunity to dispose of the Polishing Materials and Equipment Business thereby to cease its adverse impacts brought to the Group, and devote resources to the newly acquired finance lease business.

Taking into consideration of the aforesaid, the Directors consider that the terms and conditions of the Disposal are on normal commercial terms and are fair and reasonable and that the Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECTS OF AND USE OF PROCEEDS FROM THE DISPOSAL**

Upon Completion, the Company will cease to hold any equity interest in the Disposal Company and the results of the Disposal Company will no longer be consolidated into the consolidated financial statements of the Company.

For illustrative purpose, based on (i) the adjusted unaudited net asset value of the Disposal Group as at 30 June 2016 of approximately HK\$30,484,000 after waiving the net amount due from the Remaining Group to the Disposal Group of approximately HK\$73,622,000; (ii) the Consideration of HK10,000,000, it is estimated that the Remaining Group will record loss on Disposal of approximately HK\$20,484,000 (subject to audit). The Board intends to apply the net proceeds from the Disposal as general working capital of the Remaining Group.

It should be noted that the aforementioned estimations are for illustrative purpose only and do not purport to represent how the actual financial position of the Remaining Group will be upon Completion.

## **LISTING RULES IMPLICATIONS**

As of the applicable ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal is 75% or more, the Disposal constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the Disposal. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have any material interest in the Disposal or are required to abstain from voting at the EGM of the Company to approve the Disposal.

## **GENERAL**

A circular containing, among other things, details of the Disposal Agreement and the Disposal Group, the financial information of the Group, the financial information of the Disposal Group, the notice convening the EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 9 December 2016, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**Completion of the Disposal is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the sections headed "Conditions precedent" in this announcement, including the approval of the Disposal Agreement and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

|                       |  |
|-----------------------|--|
| “Applicable laws”     | with respect to any persons, any laws, rules, regulations, directives, treaties, decrees or orders of any governmental or regulatory authority that are applicable to and binding on such person                     |
| “Board”               | the board of Directors   |
| “BVI”                 | the British Virgin Islands   |
| “Business Day”        | a day (other than a Saturday, Sunday and public holiday) on which licensed banks are generally open for business in Hong Kong and the PRC throughout their normal business hours                                     |
| “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) |
| “Completion”          | completion of the transfer of the Sale Equity in accordance with the terms and conditions of the Disposal Agreement  |
| “Completion Date”     | the 3rd Business Day after the day the last of the conditions set out in Clause 4 has been satisfied (or such other date as may be agreed between the Vendor and the Purchaser in writing)                           |
| “connected person(s)” | has the meaning ascribed to it under Chapter 14A of the Listing Rules  |

|                      |   |
|----------------------|---|
| “Consideration”      | the consideration for the Disposal amounting to HK\$10,000,000  |
| “Director(s)”        | director(s) of the Company  |
| “Disposal”           | the disposal of the Sale Equity by the Vendor to the Purchaser, on and subject to the terms and conditions of the Disposal Agreement  |
| “Disposal Agreement” | the agreement dated 17 November 2016 entered into between the Vendor and the Purchaser in respect of the Disposal   |
| “Disposal Company”   | Teamcom Group Limited, a company established in the BVI with limited liability and an indirect wholly owned subsidiary of the Company   |
| “Disposal Group”     | the Disposal Company and its subsidiaries   |
| “EGM”                | the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal Agreement and the transactions contemplated thereunder |
| “Group”              | the Company and its subsidiaries  |
| “HKFRSs”             | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants   |
| “Hong Kong”          | the Hong Kong Special Administrative Region of the People’s Republic of China   |

|                                |  |
|--------------------------------|--|
| “Independent Third Party(ies)” | any person(s) or company(ies) and their respective ultimate beneficial owner(s) who are third parties independent of the Company and its connected persons |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Long Stop Date”               | 31 March 2017 or such date as may be mutually agreed between the Vendor and Purchaser  |
| “PRC”                          | the People’s Republic of China, which, for the purpose of this announcement, shall exclude Hong Kong, Macau and Taiwan                                     |
| “Purchaser”                    | Harmonic Lead Limited, a company incorporated in Republic of Seychelles, an Independent Third Party  |
| “Remaining Group”              | the Company and its subsidiaries excluding the Disposal Group  |
| “Sale Equity”                  | the entire equity interests of the Disposal Company  |
| “Share(s)”                     | ordinary share(s) of HK\$0.01 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  |
| “Vendor”                       | Lucky Ride Investments Limited, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of the Company                         |

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

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

Hong Kong, 17 November 2016

*As at the date of this announcement, the members of the Board comprises (1) executive Directors: Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke and Mr. Qiao Weibing; (2) non-executive Directors: Mr. Cheng Kwok Woo and Ms. Yeung Sau Han Agnes; and (3) independent non-executive Directors: Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin.*