

*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)**

**TERMINATION OF VERY SUBSTANTIAL DISPOSAL  
AND  
VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO THE SALE OF INTERESTS IN TERMINAL  
AND LOGISTICS SERVICES BUSINESS**

**THE TERMINATION**

Reference is made to the announcement of the Company dated 22 January 2015 in relation to the disposal of an aggregate of 50% equity interest in the Target Company by the Vendor. As disclosed in the announcement, the effectiveness of the disposal agreements entered into between the Vendor and the then purchasers is subject to the fulfilment of conditions. However, as at the date of this announcement, the conditions for the disposal agreements taking effect that obtaining all internal approvals as well as external approvals such as the Stock Exchange of Singapore by the then purchasers are yet to/will not be fulfilled, as a result, the disposal will not proceed. Accordingly, on 15 May 2018, a notice was served to terminate the disposal agreements, and no party shall have any claim against any of the others except in respect of any antecedent breach of the terms thereof. Up to the date of this announcement, none of the then purchasers (except for the Purchaser) indicates its intention to proceed with the acquisition of the equity interest in the Target Company from the Vendor. To move forward with the Disposal, the Purchaser, as one of the then purchasers, initiated the preliminary discussion on the Disposal with the Vendor in November 2017. As a result, the then purchasers (except for the Purchaser) are not a party to the Disposal Agreement.

## **THE DISPOSAL**

On 15 May 2018, the Vendor and the Target Company entered into the Disposal Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase an aggregate of 25% equity interest in the Target Company at a total consideration of RMB294 million (equivalent to approximately HK\$368 million). The Vendor simultaneously entered into the Call Option Undertaking to grant the Call Option to the Purchaser, pursuant to which the Purchaser is entitled to acquire the remaining 25% equity interest in the Target Company at a consideration of RMB294 million (equivalent to approximately HK\$368 million). Completion shall be conditional, among other things, upon the approval of the Disposal Agreement, the Call Option Undertaking and the transactions contemplated thereunder by the Shareholders at the EGM.

## **LISTING RULES IMPLICATIONS**

Given that the exercise of the Call Option is not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Call Option under the Call Option Undertaking will be classified as if it has been exercised. Since the exercise of the Call Option and the Disposal are related to the disposal of equity interest in the Target Company, the relevant transactions are aggregated as a single transaction pursuant to Rule 14.22 of the Listing Rules and constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules and are 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, approve the Disposal Agreement and the Call Option Undertaking, and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties, and no Shareholder has any material interest in the Disposal and the grant of Call Option and hence no Shareholder or their respective associates are required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal Agreement, the Call Option Undertaking and the transactions contemplated thereunder.

## GENERAL

A circular containing, among other things, details of the Disposal Agreement, the Call Option Undertaking and the Target Company, the financial information of the Group, the financial information of the Target Company, 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 30 June 2018, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

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

## INTRODUCTION

Reference is made to the announcement of the Company dated 22 January 2015 in relation to the disposal of an aggregate of 50% equity interest in the Target Company by the Vendor. On 15 May 2018, a notice was served to terminate the disposal agreement entered into between the Vendor and then purchasers in relation to the disposal of an aggregate of 50% equity interest in the Target Company given that the conditions for the disposal agreements taking effect that obtaining all internal approvals as well as external approvals such as the Stock Exchange of Singapore by the then purchasers are yet to/will not be fulfilled as at the date of this announcement, as a result, the disposal will not proceed. Up to the date of this announcement, none of the then purchasers (except for the Purchaser) indicates its intention to proceed with the acquisition of the equity interest in the Target Company from the Vendor. To move forward with the Disposal, the Purchaser, as one of the then purchasers, initiated the preliminary discussion on the Disposal with the Vendor in November 2017. As a result, the then purchasers (except for the Purchaser) are not a party to the Disposal Agreement. The Vendor and the Target Company subsequently entered into the Disposal Agreement with the Purchaser on the same day, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase an aggregate of 25% equity interest in the Target Company at a total consideration of RMB294 million (equivalent to approximately HK\$368 million). The Vendor simultaneously entered into the Call Option Undertaking to grant the Call Option to the Purchaser, pursuant to which the Purchaser is entitled to acquire the remaining 25% equity interest in the Target Company at a consideration of RMB294 million (equivalent to approximately HK\$368 million).

## **DISPOSAL AGREEMENT**

### **Date**

15 May 2018

### **Parties**

Vendor : Upmove International Limited, a wholly-owned subsidiary of the Company

Purchaser : 日照港股份有限公司 (Rizhao Port Company Limited\*)

Target Company : 日照嵐山萬盛港業有限責任公司 (Rizhao Lanshan Wansheng Harbour Company Limited\*)

### **Assets to be disposed of**

25% equity interest in the Target Company held by the Vendor

### **Consideration**

The Consideration is RMB294 million (equivalent to approximately HK\$368 million), which shall be paid by the Purchaser by way of transfer of full amount of the Consideration in RMB to the Vendor's designated account within 30 Business Days from the date of the Disposal Agreement taking effect.

The Consideration was arrived at after arm's length negotiations between the Company and the Purchaser by making reference to (i) the fact that no investment return from the Target Company by way of dividend since the year ended 31 December 2015; (ii) the unaudited net asset value of the Target Company attributable to the Company of approximately HK\$831 million as at 31 December 2017; (iii) the implied price-to-earnings ratio ("**P/E Ratio**") of approximately 16.8 times based on the net profits of the Target Company for the year ended 31 December 2017, which is well above the average of P/E Ratios of approximately 14.5 times of the market peers listed on the Stock Exchange as further discussed below; and (iv) the prospects of the business of the Target Company.

In determination of the Consideration, the Board made reference to the P/E Ratios of the market peers of the Target Company which are (i) listed on the Stock Exchange; and (ii) generating substantial revenue (i.e. 50% or above of total revenue) from the provision of terminal and logistics services including loading and discharging services, storage services, and leasing of terminal facilities and equipment in the PRC. The Board has identified 8 market peers (the “**Comparable Companies**”) that meet the aforesaid criteria which the Board considers meaningful reference in the valuation of the Target Company. Detail analysis is set out in the following table:

<b>Company Name</b>	<b>Stock code</b>	<b>Business</b>	<b>P/E Ratio as at the date of this announcement (Note 1)</b>
China Merchants Port Holdings Co. Ltd.	144	Ports operation, bonded logistics operation and property investment	9.9
CIG Yangtze Ports PLC	1719	Terminal and related business, port and warehouse leasing and integrated logistics business	36.4
COSCO SHIPPING Ports Ltd.	1199	Terminals operation and related business	5.4
Dalian Port (PDA) Co. Ltd.	2880	Port and logistic services	26.4
Qinhuangdao Port Co., Ltd.	3369	Integrated port services including stevedoring, stacking, warehousing, transportation and logistics services	9.3
Qingdao Port International Co., Ltd.	6198	Containerised and non-containerised cargo handling services, port ancillary services and financial services	9.0
Tianjin Port Development Holdings Ltd.	3382	Cargo handling business, other port ancillary services business and sales business	8.7
Xinghua Port Holdings Ltd.	1990	Operation and management of ports	10.7
<b>Average P/E Ratio</b>			14.5
<b>Implied P/E Ratio of the Target Company represented by the Consideration (Note 2)</b>			16.8

*Source: The announcement of the Comparable Companies published on the website of the Stock Exchange*

*Note:*

1. The P/E Ratios of the above Comparable Companies are calculated based on their market price quoted on the Stock Exchange as at the date of this announcement divided by their earnings per share as published in their respective latest annual reports.
2. The implied P/E Ratio of the Target Company is calculated based on the Consideration of RMB294 million (equivalent to approximately HK\$368 million) and the net profits attributable to the 25% equity interest of the Target Company of approximately HK\$21.8 million for the year ended 31 December 2017.
3. Orient Overseas (International) Ltd. (stock code: 316) was excluded from the above Comparable Companies as its profit for the year ended 31 December 2017 mainly comprised profit from segments other than its container transport and logistics services.

The Directors are of the view that the terms of the Disposal Agreement, which have been reached after arm's length negotiations amongst the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Call Option Undertaking**

On 15 May 2018, the Vendor entered into the Call Option Undertaking to grant the Call Option to the Purchaser, pursuant to which the Purchaser is entitled to acquire the remaining 25% equity interest in the Target Company at a consideration of RMB294 million (equivalent to approximately HK\$368 million). Pursuant to the Call Option Undertaking, the Call Option is exercisable by the Purchaser at its discretion during the period from 1 January 2020 up to 30 June 2020 (both dates inclusive). The Purchaser shall serve a written notice to the Vendor no later than 20 Business Days prior to the exercise of the Call Option, by then a separate share transfer agreement shall be entered into between the Vendor and the Purchaser in relation to the transfer of the Vendor's remaining 25% equity interest in the Target Company to the Purchaser.

The exercise price of the Call Option represents the consideration for the 25% equity interest in the Target Company of RMB294 million (equivalent to approximately HK\$368 million) which can be offset against any dividend paid to the Vendor by the Target Company since the effective date of the Call Option Undertaking (i.e. the date of Completion of the Disposal). The effectiveness of the Call Option Undertaking is conditional upon the Completion of the Disposal.

The Directors are of the view that the terms of the Call Option Undertaking, which have been reached after arm's length negotiations amongst the parties, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If the Purchaser does not exercise the Call Option during the period from 1 January 2020 up to 30 June 2020, the Group will continue to hold 25% equity interests in the Target Company as its joint venture investment and the Group will actively seek for disposal opportunity of the remaining 25% equity interests in the Target Company.

### **Conditions for the Disposal Agreement taking effect**

The effectiveness of the Disposal Agreement is conditional upon the following conditions having been fulfilled:

- (a) the approvals of the share transfer as contemplated under the Disposal Agreement by (i) the board of directors of the Purchaser; and (ii) relevant PRC commercial supervisory department having been obtained by the Purchaser; and
- (b) (i) all internal approvals of the Vendor, if any, for the Disposal Agreement and the transaction contemplated thereunder; and (ii) the approval of the Shareholders at the EGM having been obtained by the Vendor.

As at the date of this announcement, condition (a) above had been fulfilled.

### **Conditions Precedent**

Completion is conditional upon fulfilment or waiver (if applicable) of the following conditions:

- (a) the passing of a board resolution by the board of directors of the Target Company in a board meeting approving the share transfer as contemplated under the Disposal Agreement;
- (b) all consent, permission, authorisation and approvals (such as the approvals from the relevant PRC commercial supervisory department, the relevant governmental authorities and securities regulatory authorities) which are required for the Disposal Agreement and the transaction contemplated thereunder having been obtained by the Vendor and the Purchaser; and

- (c) both of the Vendor and the Purchaser have fulfilled their obligations, guarantees and commitments under the Disposal Agreement.

If any of the Conditions Precedent has not been fulfilled or waived (as the case may be), the Disposal Agreement shall cease and terminate, and no party shall have any claim against any of the others except in respect of any antecedent breach of the terms thereof.

Save as paragraph (b) being the mandatory requirement under the relevant PRC laws and regulations will not be waived, the Conditions Precedent can be waived by the mutual agreement between the Vendor and the Purchaser in writing. Neither the Vendor nor the Purchaser (so far as the Company is aware) has any intention to waive any of the Conditions Precedent as at the date of this announcement. Up to the date of the announcement, the Conditions Precedent have yet to be satisfied.

### **Completion**

The Consideration shall be paid by the Purchaser within 30 Business Days following the date on which all the conditions set out above in the section headed “Conditions for the Disposal Agreement taking effect” have been fulfilled in accordance with the terms of the Disposal Agreement. Completion shall take place following the later of 30 Business Days after the Consideration payment by the Purchaser and 15 Business Days after the fulfilment of all Conditions Precedent.

After the Completion, the Vendor’s shareholding in the Target Company will decrease from 50% to 25% and the Target Company will continue to be a jointly-controlled entity of the Company and its financial results will continue to be equity accounted for in the financial statements of the Group. The Vendor’s remaining 25% equity interest in the Target Company will be subject to the Call Option pursuant to the Call Option Undertaking mentioned above in this announcement.

### **INFORMATION ON THE GROUP AND THE TARGET COMPANY**

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 Group completed the acquisition of the 50% equity interest in the Target Company on 28 April 2011. As at the date of this announcement, the Target Company was owned as to 50% by the Group and as to 50% by the Purchaser.

The Target Company is a sino-foreign joint venture company established in the PRC and engaged in provision of terminal and logistics services including loading and discharging services, storage services, and leasing of terminal facilities and equipment in Lanshan Harbour, Rizhao Port, Shandong province of the PRC. The operation of the Target Company has berths capable of accommodating two 50,000-tonne, one 70,000-tonne and one 100,000-tonne vessels equipped with advanced facilities. Major customers of the Target Company include major steel manufacturers in the northern region of the PRC and major iron ore suppliers in India, Brazil and Australia.

Set out below are certain financial information of the Target Company (as disclosed in the audited consolidated financial statements of the Group) for each of the three years ended 31 December 2017:

	<b>For the year ended 31 December 2015 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2016 <i>HK\$'000</i></b>	<b>For the year ended 31 December 2017 <i>HK\$'000</i></b>
Revenue	619,163	475,333	456,969
Profit and total comprehensive income for the year	95,180	55,091	87,016
	<b>As at 31 December 2015 <i>HK\$'000</i></b>	<b>As at 31 December 2016 <i>HK\$'000</i></b>	<b>As at 31 December 2017 <i>HK\$'000</i></b>
Net asset	1,428,068	1,397,452	1,582,574

## **INFORMATION ON THE PURCHASER**

Pursuant to the Disposal Agreement, the Purchaser is a stock company incorporated in the PRC and the shares of which are listed on the stock exchange in Shanghai with stock code of 600017 and principally engaged in the provision of loading and unloading services, stockpiling services, port management services in the PRC. As at the date of this announcement, the Purchaser owns 50% of the registered capital of the Target Company.

Pursuant to the Call Option Undertaking, the Purchaser refers to Rizhao Port Group, a limited liability company incorporated under the laws of the PRC and its subsidiaries.

Save as disclosed above, to the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third party independent of and not connected with the Company and its connected persons (as defined in the Listing Rules) as at the date of this announcement.

## **FINANCIAL EFFECTS OF THE DISPOSAL AND THE GRANT OF CALL OPTION**

Upon the Completion, the Target Company will be beneficially owned as to 75% by the Purchaser and as to 25% by the Vendor, and (if the Call Option is not exercised) will continue to be a jointly-controlled entity of the Company. For illustrative purpose, based on (i) the unaudited aggregate net book value of the Group's interests in the Target Company of approximately HK\$831 million as at 31 December 2017; (ii) the Consideration of RMB294 million (equivalent to approximately HK\$368 million); and (iii) the estimated transaction costs and expenses attributable to the Disposal of approximately HK\$2 million and estimated PRC tax of approximately RMB12 million (in aggregate equivalent to approximately HK\$17 million), it is estimated that the Company will record an unaudited loss on Disposal of approximately HK\$65 million.

Upon the Completion and assuming the exercise of the Call Option simultaneously, the Company will cease to hold any equity interest in the Target Company. Accordingly, the Target Company will cease to be a jointly-controlled entity of the Company and the Company will cease to recognise any profit or loss from its investment in the Target Company. For illustrative purpose, based on (i) the unaudited aggregate net book value of the Group's interests in the Target Company of approximately HK\$831 million as at 31 December 2017; (ii) the aggregate consideration for the disposal of 50% equity interest in the Target Company of RMB588 million (equivalent to approximately HK\$735 million); and (iii) the estimated transaction costs and expenses of approximately HK\$2 million and estimated PRC tax of approximately RMB24 million (in aggregate equivalent to approximately HK\$32 million), it is estimated that the Company will record an unaudited loss on disposal of approximately HK\$128 million.

**Shareholders should note that the above figures are for illustrative purpose only. The actual financial effect may be different from the above and will be determined based on the financial position of the Target Company on the date of Completion of the Disposal and the exercise of the Call Option and the review by the Group's auditors upon finalisation of the consolidated financial statements of the Group.**

## **USE OF PROCEEDS**

After deducting the estimated expenses, the net proceeds from the Disposal will amount to approximately HK\$351 million. Subject to the Completion, the Board currently intends to apply the net proceeds from the Disposal as follows:

- (i) approximately 75% of the net proceed for further development of its finance lease business; and
- (ii) approximately 25% of the net proceed for (a) further development of the Group's new business – manufacturing of food additives in the PRC; and (b) general working capital of the Group.

Assuming the exercise of the Call Option in 2020, the Board currently intends to apply the net proceeds (after deducting the estimated expenses) from the exercise of Call Option of approximately HK\$352 million for potential new business development and acquisition.

## **REASONS FOR AND BENEFIT OF THE DISPOSAL AND GRANT OF CALL OPTION**

With a view of intense competition on peripheral terminal and logistic service, the Directors consider that the Disposal is a good opportunity to realise its investment in the Target Company and generate cash inflow for the Group thereby strengthening the cash position of the Group. Improvement of the cash position of the Group will enable the Group to capture business growth which may arise in the long run.

The terminal and logistics services of the Group from the Target Company recorded the audited segment result of approximately HK\$146.0 million, HK\$47.6 million, HK\$27.5 million and HK\$43.5 million for the four years ended 31 December 2017, respectively. Due to the internal funding needs, the Target Company did not declare any dividend to the Vendor for each of the three years ended 31 December 2015, 2016 and 2017. There is no certainty as to when the Target Company will resume offering return to the Group by way of dividend, and the Group could not make reinvestment accordingly, thereby creating long-term value for its shareholders.

The Target Company requires both the Vendor and the Purchaser to provide significant further funding to the construction of certain terminal and storage facilities. Having considered that (i) no dividend declared to the Vendor for each of the three years ended 31 December 2015, 2016 and 2017; and (ii) previous capital injections by the Vendor to the Target Company aggregated to approximately RMB145 million (equivalent to approximately HK\$181 million) during the four years ended 31 December 2014, the Company has no intention to allocate further financial resources to the Target Company. If the Group is unable to satisfy the capital contribution when the need arises, the Group would be then forced to dispose of its interests in the Target Company with less negotiation power at less favorable terms. Due to the foregoing and the fact that the funding demand from the Target Company may create financial burden to the Group in the future, the Board is of view that the Disposal enables the Group to recoup its investment in the Target Company and to concentrate its resources on its finance lease business.

Moreover, the Group's finance lease business is facing increasingly stringent regulatory environment where finance lease agents similar to the Group are getting more difficult to obtain factoring on finance lease receivable of potential finance lease project from the banks in the PRC. As a result, revenue from the finance lease business was approximately HK\$221 million for the year ended 31 December 2016, and recorded a mild drop of approximately 10% to approximately HK\$198 million for the year ended 31 December 2017, with segment loss being approximately HK\$11 million, in contrast to segment profit of approximately HK\$61 million for the year ended 31 December 2016. In order to reduce reliance on provision of factoring services from the banks, the Board is of view that part of the net proceed from the Disposal can be applied to self-finance the potential finance lease projects.

Considering (i) the investment return and prospect of the Target Company do not align with the future development of the Group; (ii) the lack of controlling stake in the Target Company and funding demand from the Target Company may create financial burden to the Group in the future; (iii) proceeds from the divestment of Target Company can be applied to finance potential finance lease projects and reduce the Group's reliance on factoring services from banks which are getting more difficult under the increasingly stringent regulatory environment in the PRC; and (iv) the positive overall investment return taking into account the cumulative dividend of approximately RMB268 million (equivalent to approximately HK\$335 million) already received by the Group from the Target Company in prior years, the Directors consider that the Disposal represents a good opportunity to the Group to realise its joint venture investment at a Consideration with a higher implied P/E Ratio than market peers as discussed in the paragraphs headed "Consideration" above in this announcement which the Directors consider fair and reasonable and in the interests of the Company and the Shareholders as a whole. Following the arm's length negotiation with the Purchaser and having considered that the Purchaser requires additional time to obtain funding for acquisition of the remaining 25% equity interest in the Target Company, the Vendor granted the Call Option to the Purchaser which is exercisable during the period from 1 January 2020 up to 30 June 2020 (both dates inclusive). The Directors consider that the grant of Call Option can fix the consideration of the 25% equity interest in the Target Company to be payable by the Purchaser at RMB294 million (equivalent to approximately HK\$368 million) and avoid the risk and cost of renegotiating the consideration which is in the interest of the Company and the Shareholders as a whole.

Immediately after the Completion and assuming the exercise of Call Option, the Group will no longer be engaged in the provision of terminal and logistics services. The Group will continue to be engaged in (i) finance lease; (ii) trading of equity securities; (iii) money lending business; and (iv) manufacturing of food additives.

Taking into consideration of the aforesaid and the financial effect of the Disposal and the grant of Call Option set out above in this announcement, the Directors consider that the terms and conditions of the Disposal Agreement and the Call Option Undertaking are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Given that the exercise of the Call Option is not at the Company's discretion, pursuant to Rule 14.74 of the Listing Rules, the grant of the Call Option under the Call Option Undertaking will be classified as if it has been exercised. Since the exercise of the Call Option and the Disposal are related to the disposal of equity interest in the Target Company, the relevant transactions are aggregated as a single transaction pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable percentage ratios set forth under Rule 14.07 of the Listing Rules in respect of the Disposal and the exercise of the Call Option, in aggregate are 75% or more, the relevant transactions in aggregate constitute a very substantial disposal for the Company under Chapter 14 of the Listing Rules and are 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, approve the Disposal Agreement and the Call Option Undertaking, and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties, and no Shareholder has any material interest in the Disposal and the grant of Call Option and hence no Shareholder or their respective associates are required to abstain from voting on the resolution to be proposed at the EGM to approve the Disposal Agreement, the Call Option Undertaking and the transactions contemplated thereunder.

## GENERAL

A circular containing, among other things, details of the Disposal Agreement, the Call Option Undertaking and the Target Company, the financial information of the Group, the financial information of the Target Company, 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 30 June 2018, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

**Completion is conditional upon the satisfaction or, if applicable, waiver of the conditions set out in the sections headed “Conditions for the Disposal Agreement taking effect” and “Conditions Precedent” in this announcement, including the approval of the Disposal Agreement, the Call Option Undertaking and the transactions contemplated thereunder by the Shareholders at the EGM. Accordingly, the Disposal and the grant of Call Option 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:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong and the PRC throughout their normal business hours
“Call Option”	an option to be granted by the Vendor to the Purchaser exercisable at the discretion of the Purchaser at any time during the period from 1 January 2020 up to 30 June 2020 (both dates inclusive), pursuant to which the Purchaser is entitled to acquire the remaining 25% equity interest of the Vendor in the Target Company at the consideration of RMB294 million (equivalent to approximately HK\$368 million) pursuant to the Call Option Undertaking

“Call Option Undertaking”	the unconditional undertaking given by the Vendor in favour of the Purchaser on 15 May 2018, pursuant to which the Vendor shall grant the Call Option to the Purchaser to acquire the remaining 25% equity interest in the Target Company from the Vendor
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a company incorporated in the Cayman Islands 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 Disposal in accordance with the terms and conditions of the Disposal Agreement
“Conditions Precedent”	the conditions precedent to Completion as set out in the Disposal Agreement
“connected person(s)”	has the meaning ascribed to it under Chapter 14A of the Listing Rules
“Consideration”	the consideration for the Disposal payable by the Purchaser to the Vendor amounting to RMB294 million (equivalent to approximately HK\$368 million)
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the 25% equity interest in the Target Company by the Vendor to the Purchaser, on and subject to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement dated 15 May 2018 entered into between the Vendor, the Target Company and the Purchaser in respect of the Disposal



“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve the Disposal Agreement, the Call Option Undertaking and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“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
“Purchaser”	As the context may require, refer to Rizhao Port Company in relation to the Disposal Agreement or Rizhao Port Group and its subsidiaries in relation to the Call Option Undertaking
“Rizhao Port Company”	日照港股份有限公司 (Rizhao Port Company Limited*), a stock company incorporated in the PRC and the shares of which are listed on the stock exchange in Shanghai with stock code of 600017, a subsidiary of Rizhao Port Group and owns as to 50% of the registered capital of the Target Company as at the date of this announcement
“Rizhao Port Group”	日照港集團有限公司 (Rizhao Port Group Limited*), a limited liability company incorporated under the laws of the PRC
“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
“Target Company”	日照嵐山萬盛港業有限責任公司 (Rizhao Lanshan Wansheng Harbour Company Limited*), a sino-foreign joint venture company established in the PRC
“Vendor”	Upmove International Limited, a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“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\$1.25 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 Order of the Board  
**China Ever Grand Financial Leasing Group Co., Ltd.**  
**Lai Ka Fai**  
*Executive Director*

Hong Kong, 15 May 2018

*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; (2) Ms. Yeung Sau Han Agnes as non-executive director; and (3) Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin as independent non-executive directors.*