THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Ever Grand Financial Leasing Group Co., Ltd.**, you should at once hand this circular, together with the accompanying form of proxy to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.

EGIC 中國恒嘉融資租賃集團有限公司
CHINA EVER GRAND FINANCIAL LEASING GROUP CO., LTD.

(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 AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A notice convening an EGM of China Ever Grand Financial Leasing Group Co., Ltd. to be held at Room 2203, 22/F. Kwan Chart Tower No. 6 Tonnochy Road Wanchai, Hong Kong on Tuesday, 17 July 2018 at 3:00 p.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular. A proxy form for use in the EGM is enclosed. Whether or not you propose to attend the meeting, you are requested to complete the enclosed proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

25 June 2018

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In this circular, unless the context otherwise requires, the following expressions 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
"Latest Practicable Date"	22 June 2018, being the latest practicable date for ascertaining certain information referred to in this circular
"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 circular, 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 Latest Practicable Date
"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 circular, 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 circular, 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.*

中國恒嘉融資租賃集團有限公司
CHINA EVER GRAND FINANCIAL LEASING GROUP CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

Executive Directors:
Mr. Wong Lik Ping
Mr. Lai Ka Fai
Mr. Tao Ke
Mr. Qiao Weibing

Non-executive Director:
Ms. Yeung Sau Han Agnes

Independent non-executive Directors:
Mr. Goh Choo Hwee
Mr. Ho Hin Yip
Mr. U Keng Tin

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Room 2203, 22/F.
Kwan Chart Tower
No. 6 Tonnochy Road
Wanchai, Hong Kong

25 June 2018

To the Shareholders

Dear Sir/Madam,

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

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 Latest Practicable Date, as a result, the disposal will not proceed. Up to the Latest Practicable Date, 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 14.2 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:

Company Name	**Stock code**	**Business**	**P/E Ratio as at the Latest Practicable Date** *(Note 1)*
China Merchants Port Holdings Co. Ltd.	144	Ports operation, bonded logistics operation and property investment	9.0
CIG Yangtze Ports PLC	1719	Terminal and related business, port and warehouse leasing and integrated logistics business	40.6
COSCO SHIPPING Ports Ltd.	1199	Terminals operation and related business	5.2
Dalian Port (PDA) Co. Ltd.	2880	Port and logistic services	24.6

Company Name	**Stock code**	**Business**	**P/E Ratio as at the Latest Practicable Date** *(Note 1)*
Qinhuangdao Port Co., Ltd.	3369	Integrated port services including stevedoring, stacking, warehousing, transportation and logistics services	8.6
Qingdao Port International Co., Ltd.	6198	Containerised and non-containerised cargo handling services, port ancillary services and financial services	8.2
Tianjin Port Development Holdings Ltd.	3382	Cargo handling business, other port ancillary services business and sales business	8.0
Xinghua Port Holdings Ltd.	1990	Operation and management of ports	9.3
Average P/E Ratio			14.2
Implied P/E Ratio of the Target Company represented by the Consideration *(Note 2)*			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 Latest Practicable Date 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 associate 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 Latest Practicable Date, condition (a) above had been fulfilled.

Conditions Precedent

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

(1) 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;

(2) 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

(3) 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 (2) 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 Latest Practicable Date. Up to the Latest Practicable Date, 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 become an associate 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 circular.

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 Latest Practicable Date, 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:

	For the year ended 31 December 2015	**For the year ended 31 December 2016**	**For the year ended 31 December 2017**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	619,163	475,333	456,969
Profit and total comprehensive income for the year	95,180	55,091	87,016

	As at 31 December 2015	**As at 31 December 2016**	**As at 31 December 2017**
	HK$'000	*HK$'000*	*HK$'000*
Net asset	1,428,068	1,397,452	1,582,574

PROPERTY RECONCILIATION

Property of the Target Company subject to the Disposal	*RMB'000*
Carrying value as at 31 December 2017 *(Note 1)*	1,332,155
Less: Depreciation and amortization for the four months ended 30 April 2018	(13,063)
Carrying value as at 30 April 2018	1,319,092
Revaluation Surplus	246,908
As per the Property Valuation Report as at 30 April 2018	1,566,000

Note:

1. Extracted from the unaudited financial statements of the Target Company for the year ended 31 December 2017 which is calculated as the sum of property, plant and equipment of RMB1,255,924,000 and prepaid lease payments of RMB76,231,000 (non-current).

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 Latest Practicable Date, 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 Latest Practicable Date.

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 become an associate of the Company. For illustrative purpose, based on the unaudited net asset value of the Group's 25% equity interest in the Target Company as set out in the Appendix III to this circular (being approximately HK$416 million as at 31 December 2017), it is estimated that the Company will realise an unaudited loss on the Disposal of approximately HK$94 million, being the difference between the Consideration, the fair value of the Call Option, the unaudited net asset value of the Group's 25% equity interest in the Target Company, estimated transaction costs and expenses attributable to the Disposal. The actual loss on the Disposal to be recognised by the Group will be dependent on the net asset value of the Target Company as at Completion.

As set out in Appendix III to this circular, assuming the Disposal had taken place on 1 January 2017, the loss of the Group for the year ended 31 December 2017 would increase from approximately HK$36 million to HK$245 million. Assuming the Disposal had taken place on 31 December 2017, the net assets of the Group would decrease from approximately HK$1,354 million to HK$1,150 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 the unaudited net asset value of the Group's 50% equity interest in the Target Company as set out in Appendix III to this circular (being approximately HK$831 million as at 31 December 2017), 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 which is expected to be applied to short to medium term existing and self-financed finance lease projects with target customers focusing on energy resources, public utilities, medical industry, manufacturing and technology sectors. The proceed is expected to be utilized in the forthcoming year; and

(ii) approximately 25% of the net proceed applied as to (a) HK$30 million for further development of the Group's new business – manufacturing of food additives in the PRC; and (b) HK$60 million for 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 the development of the Group's existing business. Subject to the then market development and business performance of each of the finance lease business and food additives business of the Group, the net proceeds from the Disposal may be reallocated between business segments for more effective use of resources. The Group will make announcement as to any material change in use of proceeds if and when necessary.

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 circular 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 circular, 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.

EGM

A notice convening the EGM to be held at Room 2203, 22/F. Kwan Chart Tower No. 6 Tonnochy Road Wanchai, Hong Kong on Tuesday, 17 July 2018 at 3:00 p.m. or any adjournment thereof is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

The resolution approving the Disposal Agreement and the Call Option Undertaking, and the transactions contemplated thereunder will be voted by way of a poll at the EGM.

RECOMMENDATION

The Directors are of the opinion that the terms of the Disposal Agreement and the Call Option Undertaking are fair and reasonable and the Disposal Agreement and the Call Option Undertaking are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Disposal Agreement and the Call Option Undertaking, and the transactions contemplated thereunder.

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 circular may or may not proceed, Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the annual reports of the Company for the year ended 31 December 2016 and 2017, respectively, all of which are published on the website of the Stock Exchange at http://www.hkexnews.hk, and the website of the Company at http://www.egichk.com/. Quick links to the annual reports of the Company published on the website of the Stock Exchange are set out below. There was no qualified opinion issued for the audited financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017.

Annual report of the Company for the year ended 31 December 2017:

http://www.hkexnews.hk/listedco/listconews/SEHK/2018/0419/LTN20180419827.pdf

Annual report of the Company for the year ended 31 December 2016:

http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0426/LTN201704261188.pdf

2. INDEBTEDNESS

Borrowings

At the close of business on 30 April 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding secured and guaranteed borrowings related to finance lease business of approximately HK$677,588,000; secured and unguaranteed borrowing related to finance lease business of approximately HK$185,895,000.

Securities

The Group's secured and guaranteed borrowings related to finance lease business of approximately HK$677,588,000 were secured by machineries leased to customers under finance lease, restricted deposits and/or finance lease receivables and were under guarantee provided by the shareholders of the finance lease customers. The Group's secured and unguaranteed borrowing related to finance lease business of approximately HK$185,895,000 was secured by machineries leased to customer under finance lease and restricted deposit.

Contingent liabilities

As at 30 April 2018, Group had no material contingent liabilities outstanding.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantee or material contingent liabilities, at the close of business on 30 April 2018.

Foreign currency amounts have been translated into Hong Kong dollars at the rates of exchange prevailing at the close of business on 30 April 2018. The Directors are not aware of any material changes in the Group's indebtedness and contingent liabilities since the close of business on 30 April 2018.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for at least the next 12 months from the date of publication of this circular in the absence of unforeseen circumstances after taking into account (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the cash flow effect of the Disposal and the grant of the Call Option.

4. MATERIAL ADVERSE CHANGE

The Directors have confirmed that they were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

In the second half of the year ending 31 December 2018, the Group will continue to face various uncertainties and issues in the operation of the domestic economy in the PRC and the accumulation of financial risks on debt risks from provincial governments, highly leveraged enterprises and certain real estate market.

The finance lease business will be affected by increasingly stringent regulatory environment in the PRC financial market from which it is difficult for the Group to obtain credits to finance the potential finance lease projects. Local management team will exploit every opportunity to broaden the financing channels and cooperate with other non-bank financial institutions to enrich the capital and hence reduce reliance on banks. In addition, the Group intends to apply approximately 75% of the net proceeds from the disposal of first 25% equity interest in the Target Company for further development of its finance lease business including but not limited to exploitation of the potential self-financed finance lease projects. With abundant opportunities in the PRC markets and highly experienced local management team, we are cautiously optimistic to overcome the current predicament.

Due to the unclear market conditions, the Group will continue to take a conservative approach towards its investment portfolio and strategies in order to improve the performance of the investment segment.

The Food additives business has been run as scheduled so far and the trial run of the first production line of Sorbitol, a nutritive sweetener commonly used in sugar-free chewing gum and diet foods, is expected to take place in the second half of 2018. Its expected full capacity could reach 4,000 ton per annum and aims to sell to the food manufacturers and traders in the PRC. The segment is expected as an impetus to our future revenue and profit growth of the Group.

Lastly, the Group will diligently look for new potential growth opportunities in order to diversify the source of income and attain growth in the long term.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

A. Operational and financial review

(i) For the year ended 31 December 2015

Business Review

The revenue and loss attributable to the shareholders of the Company of the Group for the year ended 31 December 2015 amounted to approximately HK$82.8 million and HK$44.1 million respectively (2014: HK$89.8 million and HK$136.9 million respectively). Revenue for the year was wholly contributed by the polishing materials and equipment division. It should be noted that, on 17 November 2016, the Group was entered into a disposal agreement to dispose of the entire equity interest in Teamcom Group Limited, which operated the polishing materials and equipment division. The assets & liabilities and profit or loss items attributable to this segment were present as assets & liabilities classified as held for sales and a discontinued operation in 2016 consolidated financial statement respectively.

Segment results

Segment loss of the polishing materials and equipment division increased from approximately HK$4.5 million in 2014 to HK$6.5 million in 2015. Segment result of the investment division changed from segmental loss of approximately HK$45.0 million in 2014 to segmental profit of HK$9.1 million in 2015.

Financial Resources and Liquidity

As at 31 December 2015, the Group had interest bearing other loans of approximately HK$2.3 million (31 December 2014: HK$ Nil). As at 31 December 2015, current assets of the Group amounted to approximately HK$568.5 million (31 December 2014: HK$524.2 million). The Group's current ratio was approximately 5.06 as at 31 December 2015 as compared with 4.01 as at 31 December 2014. At 31 December 2015, the Group had total assets of approximately HK$582.1 million (31 December 2014: HK$539.4 million) and total liabilities of approximately HK$127.6 million (31 December 2014: HK$149.6 million), representing a gearing ratio (measured as total liabilities to total assets) of 21.9% as at 31 December 2015 as compared with 27.7% as at 31 December 2014.

Foreign Currency Risk

The Group's purchases and sales are mainly denominated in United States dollars, Hong Kong dollars and Renminbi. The investments are in Hong Kong dollars. The operating expenses of the Group are either in Hong Kong dollars or Renminbi. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in exchange rates.

Significant Investment

As at 31 December 2015, the Group held available-for-sale investments and held for trading investments amounting to approximately HK$2.0 million and HK$44.1 million respectively. During the year, the Group recorded decrease in fair value of convertible bonds designated as financial assets at fair value through profit or loss of approximately HK$8.8 million, impairment loss on available-for-sale investments of approximately HK$0.5 million and increase in fair value of held for trading investments of approximately HK$2.4 million.

Charge on Assets

As at 31 December 2015, the other loan raised by the Group of approximately HK$2,293,000 (2014: Nil) was secured by the life insurance policy for key management held by the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2015.

Capital Structure

The Group had no material capital commitments as at 31 December 2015.

Employees and Remuneration Policy

As at 31 December 2015, the Group had approximately 42 employees in Hong Kong and the PRC. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance

Business prospects and future plan

The year 2015 was a very difficult year to the Group.

The Group is still cautious of the outlook of the polishing materials and equipment business locally and internationally. The Group will continue to explore effective cost-saving measure, concentrate on selling products with high profit margin, expand its distribution networks and maintain its product lines in order to improve the profitability of the business segment.

Our investment business segment continued to record improvement. However, due to the extreme unstable market conditions, the Group will continue to take a conservative approach towards its investment portfolio and strategies in order to improve the performance of the investment segment.

In addition, the Group believes that it will be able to expand its business into the finance lease industry by acquiring interests in a PRC finance lease company at the beginning of the year. It is expected that the business will generate a positive contribution to the Group's overall performance and will present new opportunities to the expansion of its business.

While impacted by both decline external and internal adverse factors, the management of the Group will consider these adverse factors as challenges and drivers that foster its development. The Group will continue to use their best endeavor to strengthen and strive for improvements in all the Group's business segments and to enhance the long-term profitability and growth potential of the Group by emphasizing on the development of its newly acquired finance lease business.

(ii) For the year ended 31 December 2016

Business Review

Upon completion of the acquisition of the entire issued share capital in China Ever Grand Capital Group Limited ("CEGCG") and completion of capital injection into Beijing Ever Grand International Finance Lease Co., Ltd. ("BEGIFL") on 7 January 2016, the Group owns 51.39% of the equity interest of BEGIFL which is principally engaged in provision of finance lease and related consultancy services in the PRC ("Financial leasing business"). On 17 November 2016, the Group entered into a disposal agreement to dispose the entire equity interest of Teamcom Group Limited ("Teamcom"). The principal activities of Teamcom and its subsidiaries are manufacturing and trading of polishing materials and equipment ("Polishing segment"). The completion took place on 5 January 2017. Accordingly, the Group has consolidated the result and financial position of the Financial leasing business for the year under review. Though completion of disposal of the Polishing segment took place after the end of reporting period, the Group has committed the disposal in the current year, and its profit or loss for current and prior years and its assets and liabilities as at the end of 2016 were classified as discontinued operation in accordance with HKFRS 5.

For the year under review, the Group regarded (i) Financial leasing business and (ii) investment division as continuing operations and (iii) Polishing segment as discontinued operation.

As a result of the above changes, the continuing operations of the Group recorded revenue of HK$221.2 million in 2016 as compared with nil (restated) in 2015, gross profit of HK$72.5 million in 2016 against nil (restated) in 2015 and net profit of HK$51.6 million as compared to a net loss of HK$37.6 million (restated) in 2015. The discontinued operation recorded a net loss of HK$27.4 million in 2016 as compared with HK$6.5 million (restated) in 2015.

Segment results

For the year under review, the Financial leasing business has contributed a segment profit of HK$61.0 million (2015: nil (restated)) since consolidation of its profit or loss upon the completion of the acquisition in early 2016.

The investment division recorded a significant improvement in segment profit from HK$9.1 million in 2015 to HK$44.8 million in 2016. It is primarily due to an overall gain of HK$43.3 million on a fair value gain upon conversion of all convertible bonds into shares and a loss on disposal of half of those shares.

The Polishing segment, currently classified as discontinued operations, remained loss-marking at HK$27.4 million in 2016 as compared with HK$6.5 million (restated) in 2015. The expansion of loss is mainly due to an impairment loss of HK$19.2 million as a result of lower-than-net asset value consideration of HK$10.0 million in accordance with the disposal agreement on 17 November 2016.

After further considering the corporate expenses and one-off gains on disposal of subsidiaries and certain other income, the Group recorded a net profit attributable to owners of the Company of HK$2.3 million in 2016 against a net loss of HK44.1 million (restated) in 2015.

Financial Resources and Liquidity

As at 31 December 2016, the Group had bank balances, restricted bank deposits, deposits placed with non-bank financial institutions and cash of approximately HK$204.6 million (of which HK$105.6 million was pledged to the banks to secure bank borrowings granted to the Group for Financial leasing business (2015: nil (restated))) as compared to HK$449.6 million (restated) as at 31 December 2015. As at 31 December 2016, the Group had bank and other borrowings amounting to HK$135.3 million (2015: HK$2.3million (restated)), HK$46.8 million (2015: nil (restated)) and HK$95.8 million (2015: nil (restated)) which are due within one year, one to two years and two to five years respectively. At 31 December 2016, the Group had total assets of approximately HK$1,074.7 million (31 December 2015: HK$582.1 million) and total liabilities of approximately HK$483.2 million (31 December 2015: HK$127.6 million), representing a gearing ratio (measured as total liabilities to total assets) of 44.9% as at 31 December 2016 as compared with 21.9% as at 31 December 2015.

For the year under review, the Group has financed its operations with facilities provided by banks and other non-bank financial institutions and internally generated cash flows.

Foreign Currency Risk

During the year ended 31 December 2016, the continuing operations of the Group had no foreign currency sales and purchases.

Significant Investment

At 31 December 2016, the Group held loan receivables of HK$69.1 million (2015: nil (restated)), available-for-sale investments of HK$22.3 million (2015: HK$2.0 million (restated)) and held for trading investments of approximately HK$113.0 (2015: HK$44.1 million (restated)).

During the year, the Group recorded loan interest income from loan receivables amounting to HK$4.5 million (2015: nil (restated)).

The available-for-sale investment of HK$22.3 million represents unlisted equity securities issued by private entities established in the PRC newly acquired during the year. As their fair value cannot be measured reliably, it is accounted for at cost.

With fair value loss of HK$5.3 million during the year (2015: a fair value gain of HK$27.6 million (restated)), the increase in held for trading investments of approximately HK$68.8 million was mainly due to remaining additional shares after conversion of all convertible bonds into shares and disposal of half of those shares.

During the year, the Group acquired an office premise, classified as investment property, in Hong Kong through acquisition of a subsidiary, Multi Kingdom Limited, subsequently changed the name to Multi Kingdom Investment Limited, at consideration of approximately HK$22.9 million in March 2016. Other than the investment properties, there are no significant assets and liabilities owned by this subsidiary at the date of completion of acquisition. The office was leased to a third party and generated rental income of approximately HK$0.7 million during the year.

Charge on Assets

As at 31 December 2016, the restricted bank deposits of HK$105.6 million (2015: nil(restated)) and the finance lease receivables of RMB248.8 million or HK$277.9 million (2015: nil(restated)) were pledged to the banks and other non-bank financial institutions for facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2016.

Capital Structure

The Group had no material capital commitments as at 31 December 2016.

Employees and Remuneration Policy

As at 31 December 2016, the Group had approximately 75 employees in Hong Kong and the PRC. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

A new share option scheme was adopted on 29 July 2016. As at 31 December 2016, a total number of 145,500,000 share options were granted to the eligible employees, including directors of the Company.

Details of the share options granted are set out in the announcement of the Company dated 8 December 2016.

Business prospects and future plan

There were two important events occurred in the year 2016. On one side, the Group gained access to the financial leasing business in the PRC through the acquisition in CEGCG and the capital injection into BEGIFL in January 2016. On the other side, the Group entered into a disposal agreement on 17 November 2016 to dispose entire equity interest in persistently loss-making Polishing segment. The disposal was completed in January 2017. The Group turns over a new leaf as an enterprise with principal activities of financial leasing, logistic and terminal and investment. In the backdrop of the slowdown of China economy and global political and economic uncertainties, the Group will continue facing difficult operating environment. On the other hand, as a result of the various stimulus policies implemented by the Chinese government, the economic growth will tend to be stable. The finance lease business is a new alternative financing channel for the business in asset intensive industries in the PRC. It experienced a rapid growth over the past decade. The segment performance remained strong during the year and contributed segment profit of HK$61.0 million to the Group.

Given relatively low penetration rate of financial leasing in the PRC as compared with developed countries, abundant opportunities for future industry development arising from improved regulation on government support and strong demand for financial leasing driven by industrial upgrade for manufacture of high-quality and innovative products, we believe the future industry will continue to grow. Coupled with leverage on local management team with extensive knowledge and network in the industry and adoption of effective and prudent risk management policies, the segment will bring positive contribution to the Group.

The investment business segment continued to improve. Due to the unstable and complicated market conditions, the Group will continue to adopt a proven investment strategy towards the investment portfolio in a prudent manner.

The Group will face number of challenges in times of adversity. The management of the Group will embrace those challenges and will continue to optimise the business models in all Group's business segments, in particular emphasizing the development of the finance lease business newly acquired in this year. Meanwhile, the Group will look for new potential growth opportunities in a very diligent manner in order to sustain the growth and profitability and thus bringing higher value for our shareholders, business partners, all employees and the public over the long term.

(iii) For the year ended 31 December 2017

Business Review

Following the completion of disposal of manufacturing and trading of polishing materials and equipment ("Polishing Segment") on 5 January 2017, the Group regarded (i) Financial leasing business, (ii) manufacture and sales of food additives, new food ingredients and nutritional enhancers ("Food additives business") and (iii) investment division as continuing operations and (v) Polishing segment as discontinued operation for the year under review (the "Current Year"). The continuing operations of the Group recorded revenue of HK$198.1 million in 2017 as compared with HK$221.2 million in 2016, gross profit of HK$31.3 million in 2017 against HK$72.5 million in 2016 and net loss of HK$79.2 million as compared to net profit of HK$51.6 million in 2016. The discontinued operation recorded a net loss of HK$0.1 million in 2017 as compared with a net loss of HK$27.4 million in 2016.

Segment results

For the year under review, the Financial leasing business has contributed a segment loss of HK$10.9 million (including a non cash impairment loss on goodwill of HK$31.0 million) as compared with a segment profit of HK$61.0 million in 2016. The decrease is mainly due to an unfavorable change in financial environment in the PRC where the tight liquidity and rising interest rates resulting from the strict regulatory policies made the Group difficult to obtain bank credits to finance the potential finance lease projects and thus lowering the lease volume and overall profitability. The increasingly intensified competition in the finance lease industry as a result of increasing number of finance lease company in the PRC also aggravated the business performance. They caused the segment revenue and gross profit amount to reduce by 10% to HK$198.1 million and 57% to HK$31.3 million respectively. In addition, the decrease is also attributable to the absence of a government subsidy income of approximately HK$8.5 million derived from an one-time financial support policy in 2016.

The Food additives business, classified under others in the segment information, only commenced this year and is now in a preliminary stage. The segment is still sourcing the necessary machineries and equipment, recruiting manpower, completing the plant facilities and applying the production license. At the end of this reporting period, certain machineries and equipment was secured and will be delivered and installed in the first quarter of 2018. It is expecting to commence trial production of the first production line in the second half of 2018. The segment loss of HK$0.4 million in this year mainly represented the start-up cost.

The investment division recorded a significant decline from segment profit of HK$44.8 million in 2016 to segment loss of HK$24.3 million in 2017. The segment performance was affected by an adverse change in the fair value of securities investments from an overall profit of HK$38.0 million from the convertible bonds and the listed shares in 2016 to a loss of HK$26.6 million from the listed shares in 2017.

The Polishing segment, currently classified as discontinued operations, was disposed on 5 January 2017 and ceased to be consolidated thereafter. Therefore, the net loss of the discontinued operation was largely reduced from HK$27.4 million in 2016 to HK$0.1 million in 2017.

After considering the corporate expenses (2017: HK$38.6 million; 2016: HK$57.6 million), certain unallocated other income, gains and losses, other expenses and income tax expense, the Group recorded a net loss of HK$79.3 million (2016: net profit of HK$24.3 million) and a net loss attributable to the owners of the company of HK$86.2 million in the Current Year (2016: net profit of HK$2.3 million).

Financial Resources and Liquidity

As at 31 December 2017, the Group had bank balances, restricted bank deposits, deposits placed with non-bank financial institutions and cash of approximately HK$261.8 million (of which HK$61.7 million was pledged to the banks to secure bank borrowings granted to the Group for Financial leasing business (2016: HK$105.6 million)) as compared to HK$204.6 million as at 31 December 2016. As at 31 December 2017, the Group had bank and other borrowings amounting to HK$472.8 million (2016: HK$135.3 million), HK$304.5 million (2016: HK$46.8 million) and HK$293.0 million (2016: HK$95.8 million) which are due within one year, one to two years and two to five years respectively. At 31 December 2017, the Group had total assets of approximately HK$1,753.4 million (31 December 2016: HK$1,074.7 million) and total liabilities of approximately HK$1,230.2 million (31 December 2016: HK$483.2 million), representing a gearing ratio (measured as total liabilities to total assets) of 70.2% as at 31 December 2017 as compared with 44.9% as at 31 December 2016.

For the year under review, the Group has financed its operations with facilities provided by banks and other non-bank financial institutions and internally generated cash flows.

Foreign Currency Risk

During the year ended 31 December 2017, the continuing operations of the Group had no foreign currency sales and purchases.

Significant Investment

At 31 December 2017, the Group held loan receivables of HK$125.0 million (2016: HK$69.1 million), available-for-sale investments of HK$77.1 million (2016: HK$22.3 million) and held for trading investments of approximately HK$40.6 million (2016: HK$113.0 million). During the year, the Group made a HK$35 million 1-year 10% per annum loan to an individual third party in Hong Kong, further invested in loan receivables through 2-years trust products of RMB15.0 million or HK$18.0 million both issued by financial institutions in the PRC. The Group recorded loan interest income from loan receivables amounting to HK$9.7 million (2016: HK$4.5 million). Included in the available-for-sale investment represents unlisted equity securities issued by private entities established in the PRC with a carrying amount of HK$24.0 million and various wealth management products acquired from the private and public equity firms in the PRC in an aggregate amount of HK$53.1 million. The Group recorded income from the wealth management products of HK$1.7 million in profit or loss and its fair value loss of HK$0.9 million in other comprehensive expense during the year. The held for trading investments as at 31 December 2017 mainly represented the listed equity shares in the Hong Kong and Chinese stock exchange and the resulting fair value loss in the current year was mainly due to the significant decline in their market value.

Charge on Assets

As at 31 December 2017, the restricted bank deposits of HK$61.7 million (2016: HK$105.6 million) and the finance lease receivables of RMB546.5 million or HK$656.2 million (2016: RMB248.8 million or HK$277.9 million) were pledged to the banks and other non-bank financial institutions for facilities granted to the Group.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2017.

Capital Structure

The Group had no material capital commitments as at 31 December 2017.

Employees and Remuneration Policy

As at 31 December 2017, the Group had approximately 39 employees in Hong Kong and the PRC. The employees are remunerated with basic salary, bonus and other benefits in kind with reference to industry practice and their individual performance.

A new share option scheme was adopted on 29 July 2016. As at 31 December 2016, a total number of 145,500,000 share options were granted to the eligible employees, including directors of the Company.

With 43,500,000 share options lapsed during the year, the outstanding number as at 31 December 2017 amounted to 102,000,000 share options. Details of the share options granted are set out in the announcement of the Company dated 8 December 2016. There was no share option granted during the Current Year.

Business prospects and future plan

The global economy is generally recovering. The international financial market tends to be stable, though a recent downward adjustment on stock market triggered by the faster-than-expected interest rate hike. In China, the economy continued to display a steady growth with gross domestic product (so called "GDP") of 6.8% in 2017, published by National Bureau of Statistics, as compared with 6.7% in 2016, indicating a more stable foundation. However, there were various uncertainties and issues in the operation of the domestic economy such as the economic structural reform and measures to address the surplus capacity and the accumulation of financial risks on debt risks from provincial governments, highly leveraged enterprises and certain real estate market.

Implementation of a series of various regulations on the PRC financial market has brought about certain adverse impact on the PRC finance lease industry, in particular for the finance lease company which greatly relies on the provision of credit from banks. Such measure led to a short-term adverse impact on the industry as banks become more cautious and difficult to grant credit and that resulted in a short term liquidity shortage and putting up the overall interest cost in the current year. However, emphasis on enhancement of financial risk prevention and control could enhance stability of the PRC financial market, including the finance lease industry and thus sustain steady growth in the long term.

The future finance lease industry will continue to play an important role to serve and to grow with the real economy, driven by abundant opportunities from the industrial upgrades for manufacturing high quality and innovative products and overall medical facilities upgrade and government supporting policies to facilitate the finance lease industry development. Moreover, the penetration rate of the finance lease service is still relatively low in the PRC financial market as compared with those of the developed countries and still has a great room for growth. Local management team will exploit every opportunity to broaden the financing channels and cooperate with other non-bank financial institutions such as insurance companies, trusts and funds to enrich the capital and hence reduce its reliance of source of funds from banks. Local management will endeavor to create innovative financial service solutions to broaden the revenue base and expand the existing clientele. By adherence to the effective and proven risk management and control policies and leveraging on highly experienced local management team, we are cautiously optimistic to overcome the short term predicament and could pick up the business volume in the financial leasing business in the foreseeable future.

The global stock markets generally showed a strong upward trend during the year with the recent downward adjustment. The general market perspective tends to be optimistic about the future performance with attention drawn to the pace of the interest rate hike. The Group will continue to adopt a proven and effective investment strategy towards the investment portfolio.

The Food additives business is still in a preliminary stage. The project has been run as scheduled so far and the trial run of the first production line of Sorbitol, a nutritive sweetener commonly used in sugar free chewing gum and diet foods, is expected to take place in the second half of 2018. Its expected capacity could reach 4,000 ton per annum and aims to sell to the food manufacturers and traders in the PRC. The segment is expected as an impetus to our future revenue and profit growth of the Group.

Lastly, the Group will look for new potential growth opportunities in a very diligent manner in order to diversify the source of income and attain growth in the long term.

B. Future Plan for Material Investments or Capital Assets

As at the Latest Practicable Date, the Group has no plan for material investments or capital assets.

C. Material Acquisitions and Disposals of Subsidiaries and Associates

Material acquisitions and disposals of subsidiaries and associates during the three years ended 31 December 2017 are detailed as follows:

1. On 21 July 2015, the Group entered into a sale and purchase agreement (as supplemented by a supplemental agreement dated 26 October 2015) with Mr. Wong Lik Ping, an executive director and chairman of the Board of the Company, for acquisition of the entire issued share capital of CEGCG and the shareholder's loan due by CEGCG at consideration of RMB170,847,000 (equivalent to approximately HK$213,558,750). CEGCG, through its indirect wholly-owned subsidiary Hong Kong Ever Grand Capital Limited ("HKEGC"), was then interested in 41.67% equity of 北京恒嘉國際融資租賃有限公司 (Beijing Ever Grand International Finance Lease Co., Ltd., hereafter "Beijing Ever Grand"). HKEGC has agreed to further invest US$6 million into Beijing Ever Grand. HKEGC would hold 51.39% equity of Beijing Ever Grand after the capital injection of US$6 million into Beijing Ever Grand. The acquisition was completed on 7 January 2016 and Beijing Ever Grand has become a non wholly-owned subsidiary of the Company. Further details of the acquisition are set out in the Company's announcements dated 21 July 2015, 23 July 2015 and 26 October 2015 and circular dated 30 October 2015. Quick links are as below:

   Announcement:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0722/LTN20150722013.pdf

   http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0723/LTN20150723796.pdf

   http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1026/LTN20151026712.pdf

   Circular:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2015/1030/LTN20151030293.pdf

2. On 17 November 2016, the Group entered into a disposal agreement to dispose of the entire equity interest in Teamcom, which operated the polishing materials and equipment segment, at a consideration of HK$10,000,000.

   Announcement:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1117/LTN20161117667.pdf

   Circular:

   http://www.hkexnews.hk/listedco/listconews/SEHK/2016/1215/LTN20161215279.pdf

UNAUDITED FINANCIAL INFORMATION OF 日照嵐山萬盛港業有限責任公司 RIZHOU LANSHAN WANSHENG HARBOUR COMPANY LIMITED (THE "TARGET COMPANY")

Set out below are the unaudited statements of financial position of the Target Company as at 31 December 2015, 2016 and 2017 and the unaudited statement of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows and certain explanatory notes of the Target Company for each of the three years ended 31 December 2015, 2016 and 2017 (the "Unaudited Financial Information").

The Unaudited Financial Information has been presented on the basis set out in Note 2 and prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2017 and paragraph 14.68(2)(a)(i)(A) of the Listing Rules.

The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular in connection with the disposal of the Target Company (the "Disposal"). The Company's reporting accountant, Deloitte Touche Tohmatsu, was engaged to review the financial information of the Target Company set out on pages II-2 to II-7 in accordance with Hong Kong Standard on Review Engagements 2400 (Revised) "Engagements to Review Historical Financial Statements" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountant to obtain assurance that the reporting accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountant does not express an audit opinion. The reporting accountant has issued an unqualified review report.

UNAUDITED STATEMENT OF FINANCIAL POSITION

	As at 31 December 2017	Unaudited As at 31 December 2016	As at 31 December 2015
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets			
Property, plant and equipment	1,255,924	1,319,380	1,366,458
Prepaid lease payments	76,231	78,153	80,075
Deferred tax assets	1,203	1,252	5,358
	1,333,358	1,398,785	1,451,891
Current assets			
Inventories	1,400	722	906
Trade, bills and other receivables	169,769	168,787	151,138
Prepaid lease payments	1,922	1,922	1,922
Bank balances and cash	47,103	33,686	42,456
	220,194	205,117	196,422
Current liabilities			
Trade and other payables	29,978	36,887	48,666
Bank borrowings	148,000	226,000	246,000
Obligation under finance lease	–	–	2,917
Amounts due to related parties	676	44,389	48,150
Tax payable	7,628	1,376	8,355
	186,282	308,652	354,088
Net current assets (liabilities)	33,912	(103,535)	(157,666)
Total assets less current liabilities	1,367,270	1,295,250	1,294,225
Capital and reserves			
Share capital	430,000	430,000	430,000
Reserves	774,270	699,250	652,225
	1,204,270	1,129,250	1,082,225
Non-current liabilities			
Bank borrowings	163,000	166,000	212,000
	1,367,270	1,295,250	1,294,225

UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited		
	Year ended 31 December		
	2017	**2016**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	392,364	406,525	516,986
Cost of sales	(266,143)	(304,027)	(367,413)
Gross profit	126,221	102,498	149,573
Other income, gains and losses	1,090	(245)	(1,799)
Administrative expenses	(12,816)	(11,523)	(15,451)
Finance costs	(17,759)	(22,811)	(25,561)
Profit before taxation	96,736	67,919	106,762
Taxation	(21,553)	(20,696)	(26,640)
Profit and total comprehensive income for the year	75,183	47,223	80,122

UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Unaudited					
	Share capital	**Share premium**	**Earned surplus**	**Special reserve**	**Retained earnings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2015	430,000	254	492	11,014	739,055	1,180,815
Profit and total comprehensive income for the year	–	–	–	–	80,122	80,122
Reserve provided during the year	–	–	–	1,351	–	1,351
Reserve used during the year	–	–	–	(63)	–	(63)
Dividend distributed	–	–	–	–	(180,000)	(180,000)
As at 31 December 2015	430,000	254	492	12,302	639,177	1,082,225
Profit and total comprehensive income for the year	–	–	–	–	47,223	47,223
Reserve used during the year	–	–	–	(198)	–	(198)
As at 31 December 2016	430,000	254	492	12,104	686,400	1,129,250
Profit and total comprehensive income for the year	–	–	–	–	75,183	75,183
Reserve used during the year	–	–	–	(163)	–	(163)
As at 31 December 2017	430,000	254	492	11,941	761,583	1,204,270

UNAUDITED STATEMENT OF CASH FLOWS

	Unaudited		
	For the year ended 31 December		
	2017	2016	2015
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Profit before taxation	96,736	67,919	106,762
Adjustments for:			
Finance costs	17,759	22,811	25,561
Depreciation of property, plant and equipment	65,712	69,683	65,309
Amortisation of prepaid lease payments	1,922	1,922	1,920
(Reversal) of provision for doubtful debt	(31)	1,316	2,974
Gain on disposal of property, plant and equipment	(303)	–	–
Interest income	(47)	(140)	(288)
Operating cash flows before movements in working capital	181,748	163,511	202,238
(Increase) decrease in inventories	(678)	184	185
Increase in trade, bills and other receivables	(951)	(18,965)	(66,992)
(Decrease) increase in special reserve	(163)	(198)	1,288
(Decrease) increase in trade and other payables	(6,909)	(11,779)	9,810
(Decrease) increase in amounts due to related parties	(43)	20	–
Cash generated from operations	173,004	132,773	146,529
Income tax paid	(15,252)	(23,569)	(27,672)
Net cash generated from operating activities	157,752	109,204	118,857
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	419	–	–
Purchase of property, plant and equipment	(46,042)	(26,386)	(69,103)
Interest received	47	140	288
Net cash used in investing activities	(45,576)	(26,246)	(68,815)

	Unaudited For the year ended 31 December		
	2017	**2016**	**2015**
	RMB'000	*RMB'000*	*RMB'000*
FINANCING ACTIVITIES			
New bank loans raised	180,600	230,000	200,000
Repayments of bank borrowings	(261,600)	(296,000)	(96,000)
Repayment of obligation under finance lease	–	(2,917)	(58,333)
Dividend paid	–	–	(181,717)
Interest paid	(17,759)	(22,811)	(25,561)
Net cash used in financing activities	(98,759)	(91,728)	(161,611)
Net increase (decrease) in cash and cash equivalents	13,417	(8,770)	(111,569)
Cash and cash equivalents at the beginning of the year	33,686	42,456	154,025
Cash and cash equivalents at the end of the year	47,103	33,686	42,456

NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. General Information

On 15 May 2018, Upmove International Limited (the "Vendor"), a wholly-owned subsidiary of China Ever Grand Financial Leasing Group Co., Ltd. (the "Company"), entered into an agreement with 日照港股份有限公司 (Rizhao Port Company Limited, the "Purchaser") to dispose 25% equity interest of 日照嵐山萬盛港業有限責任公司 (Rizhao Lanshan Wansheng Harbour Company Limited, the "Target Company") a limited liability company established in the People's Republic of China (the "PRC") and engaged in the provision of terminal and logistics services including loading and discharging, storage and transfer of iron ore, steel products, timber and other goods and leasing of terminal facilities and equipment in Lanshan Harbour, Rizhao Port, Shandong Province of the PRC, for a total consideration of Renminbi ("RMB") 294 million (the "Disposal"). The Vendor simultaneously entered into a call option undertaking to grant a call option to the Purchaser, pursuant to which the Purchaser is entitled to acquire the remaining 25% equity interest in the Target Company held by the Vendor at a consideration of RMB294 million.

2. Basis of Preparation

The Unaudited Financial Information of Target Company has been prepared in accordance with paragraph 14.68(2)(a)(i)(A) of the Listing Rules and solely for the purpose of inclusion in the circular to be issued by the Company in connection with the Disposal.

The Unaudited Financial Information of the Target Company has been prepared in accordance with the accounting policies adopted by the Company as set out in its annual report for the year ended 31 December 2017, which conform with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. The Unaudited Financial Information is prepared by the Directors solely for the purpose of inclusion in this circular. The Unaudited Financial Information of the Target Company has been prepared under the historical cost convention, and is presented in RMB. All values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Introduction

In connection with proposed disposal of 25% equity interest in 日照嵐山萬盛港業有限責任公司 (Rizhao Lanshan Wansheng Harbour Company Limited, the "Target Company") by China Ever Grand Financial Leasing Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") (the "Disposal") and the grant/exercise of the Call Option, the unaudited pro forma financial information of the Group has been prepared to illustrate the effect of (i) the completion of the Disposal and the grant of the Call Option without exercise of the Call Option; and (ii) the Disposal and the exercise of the Call Option simultaneously on the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the Disposal had been taken place at 1 January 2017.

The unaudited pro forma consolidated statement of financial position of the Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2017 which has been extracted from the published annual report of the Company for the year ended 31 December 2017.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2017 as extracted from the published annual report of the Company for the year ended 31 December 2017.

The unaudited pro forma financial information of the Group has been prepared by the directors of the Company in accordance with paragraph 29 of Chapter 4 of the Listing Rules and is solely for the purpose to illustrate (a) the financial position of the Group as if the Disposal and the grant of the Call Option had been completed on 31 December 2017 without exercise of the Call Option; (b) the financial results and cash flows of the Group as if the Disposal and the grant of the Call Option had been completed on 1 January 2017 without exercise of the Call Option; (c) the financial position of the Group as if the Disposal and the exercise of the Call Option had been completed on 31 December 2017; and (d) the financial results and cash flows of the Group as if the Disposal and the exercise of the Call Option had been completed on 1 January 2017.

The unaudited pro forma financial information of the Group is prepared based on the aforesaid historical data after giving effect to the pro forma adjustments described in the accompanying notes. Narrative description of the pro forma adjustments of the proposed Disposal and the grant/exercise of the Call Option that are (i) directly attributable to the transactions; and (ii) factually supportable, is summarised in the accompanying notes.

The unaudited pro forma financial information of the Group has been prepared by the directors of the Company based on certain assumptions, estimates and uncertainties for illustrative purposes only and because of its hypothetical nature, the unaudited pro forma financial information of the Group may not purport to predict the financial position of the Group as at 31 December 2017 or at any future dates, or the financial results and cash flows for the year ended 31 December 2017 or for any future periods upon completion of the Disposal and the grant/exercise of the Call Option.

The unaudited pro forma financial information of the Group should be read in conjunction with the historical financial information of the Group as set out in Appendix I to this circular and the financial information of the Target Company as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSUMING THE COMPLETION OF DISPOSAL AND THE GRANT OF THE CALL OPTION WITHOUT EXERCISE OF THE CALL OPTION

As at 31 December 2017

	The Group	Pro forma adjustments			The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Non-current assets					
Plant and equipment	26,157				26,157
Available-for-sale investments	77,096				77,096
Goodwill	72,373				72,373
Interest in a joint venture	831,236	(831,236)			–
Interest in an associate	–	415,618		(94,946)	320,672
Finance lease receivables	602,643				602,643
Loan receivables	24,014				24,014
Restricted bank deposits	21,505				21,505
Service income receivable and deposits	12,693				12,693
	1,667,717				1,157,153
Current assets					
Finance lease receivables	478,037				478,037
Loan receivables	101,022				101,022
Service income receivables, other receivables, deposits and prepayments	56,851				56,851
Held for trading investments	40,628				40,628
Deposits placed with non-bank financial institutions	143,288				143,288
Restricted bank deposits	40,167				40,167
Bank balances and cash	56,879	350,800			407,679
	916,872				1,267,672
Current liabilities					
Service cost payables, other payables and accruals	64,186				64,186
Deposits received from customers	35,094				35,094
Taxation payable	17,055		15,000		32,055
Borrowings	472,795				472,795
	589,130				604,130
Net current assets	327,742				663,542
Total assets less current liabilities	1,995,459				1,820,695

	The Group	Pro forma adjustments			The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	
Capital and reserves					
Share capital	119,192				119,192
Reserves	1,085,255	(94,460)	(15,000)	(94,946)	880,849
Equity attributable to owners of the Company	1,204,447				1,000,041
Non-controlling interests	149,961				149,961
Total equity	1,354,408				1,150,002
Non-current liabilities					
Deposits received from customers	25,912				25,912
Borrowings	597,466				597,466
Derivative financial instruments	–	29,642			29,642
Deferred tax liabilities	17,673				17,673
	641,051				670,693
	1,995,459				1,820,695

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – ASSUMING THE COMPLETION OF DISPOSAL AND THE GRANT OF THE CALL OPTION WITHOUT EXERCISE OF THE CALL OPTION

For the year ended 31 December 2017

	The Group	Pro forma adjustments					The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 5)*	*(Note 6)*	*(Note 3)*	*(Note 7)*	*(Note 4)*	
Continuing operations							
Revenue	198,134						198,134
Cost of sales	(166,866)						(166,866)
Gross profit	31,268						31,268
Other income	20,763						20,763
Other gains and losses	(26,885)				12,787		(14,098)
Administrative expense	(66,081)						(66,081)
Impairment loss on goodwill	(31,000)						(31,000)
Share of result of a joint venture	43,508	(43,508)					–
Share of result of an associate	–	21,754					21,754
Loss on disposal of partial interest in a joint venture and the grant of the Call Option	–		(81,547)				(81,547)
Impairment loss on interest in an associate	–					(103,286)	(103,286)
Other expenses	(1,203)						(1,203)
Loss before taxation from continuing operations	(29,630)						(223,430)
Income tax expense	(6,059)			(15,000)			(21,059)
Loss for the year from continuing operations	(35,689)						(244,489)
Discontinued operation							
Loss for the year from discontinued operation	(114)						(114)
Loss for the year	(35,803)						(244,603)
Other comprehensive income (expense):							
Items that will not be reclassified subsequently to profit or loss:							
Exchange difference arising on translation to presentation currency	71,640	(24,527)					47,113
Items that may be reclassified subsequently to profit or loss:							
Reclassification adjustments relating to disposal of foreign operation during the year	114						114
Net fair value loss on available-for-sale investments during the year	(932)						(932)
Other comprehensive income for the year, net of income tax	70,822						46,295
Total comprehensive income (expanse) for the year	35,019						(198,308)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS – ASSUMING THE COMPLETION OF DISPOSAL AND THE GRANT OF THE CALL OPTION WITHOUT EXERCISE OF THE CALL OPTION

For the year ended 31 December 2017

	The Group	Pro forma adjustments					The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 5)*	*(Note 6)*	*(Note 3)*	*(Note 4)*	*(Note 7)*	
OPERATING ACTIVITIES							
Loss before taxation	(29,744)	(21,754)	(81,547)		(103,286)	12,787	(223,544)
Adjustments for:							
Finance costs	47,017						47,017
Depreciation of property, plant and equipment	1,787						1,787
Change in fair value of held for trading investments	26,585						26,585
Change in fair value of derivative financial instrument	–					(12,787)	(12,787)
Share of result of a joint venture	(43,508)	43,508					–
Share of result of an associate	–	(21,754)					(21,754)
Impairment loss on goodwill	31,000						31,000
Loss on disposal of property, plant and equipment	132						132
Loss on disposal of subsidiaries	114						114
Loss on disposal of partial interest in a joint venture and the grant of the Call Option	–		81,547				81,547
Finance lease interest income	(63,624)						(63,624)
Impairment loss on interest in an associate	–				103,286		103,286
Interest income	(12,642)						(12,642)
Operating cash flows before movements in working capital	(42,883)						(42,883)
Increase in service income receivables, other receivables, deposits and prepayments	(30,942)						(30,942)
Decrease in service cost payables, other payables and accruals	(5,464)						(5,464)
Decrease in deposits received from customers	(39,398)						(39,398)
Decrease in held for trading investments	46,480						46,480
Interest in finance lease receivables	(830,188)						(830,188)
Increase in deposits placed with financial institutions	(125,525)						(125,525)
Cash used in operations	(1,027,920)						(1,027,920)
Income tax paid	(17,558)			(15,000)			(32,558)
Finance lease interest income received	63,136						63,136
Interest paid	(46,598)						(46,598)
NET CASH USED IN OPERATING ACTIVITIES	(1,028,940)						(1,043,940)

	The Group	Pro forma adjustments					The Group
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
	(Note 1)	(Note 5)	(Note 6)	(Note 3)	(Note 4)	(Note 7)	
INVESTING ACTIVITIES							
Disposal of subsidiaries	7,970						7,970
Investment in available-for-sale investments	(54,014)						(54,014)
Addition of loan receivable	(69,722)						(69,722)
Repayment from loan receivables	17,361						17,361
Withdrawal of restricted bank deposits	55,443						55,443
Placement of restricted bank deposits	(3,559)						(3,559)
Purchase of property, plant and equipment	(17)						(17)
Proceeds from the Disposal and the grant of the Call Option	–		332,220				332,220
Transaction costs attributable to the Disposal and the grant of the Call Option	–		(2,000)				(2,000)
Deposits paid for acquisition of property, plant and equipment	(686)						(686)
Interest received	10,638						10,638
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(36,586)						293,634
FINANCING ACTIVITIES							
Proceeds from borrowings	1,061,419						1,061,419
Dividend paid to non-controlling shareholder of a subsidiary	(20,508)						(20,508)
NET CASH FROM FINANCING ACTIVITIES	1,040,911						1,040,911
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,615)						290,605
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81,236						81,236
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	258						258
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	56,879						372,099

Notes:

(1) Figures are extracted from the audited consolidated financial statements of the Group as set out in the annual report of the Company for the year ended 31 December 2017 (the "Annual Report 2017").

(2) The adjustment reflects the pro forma loss on the Disposal and the grant of the Call Option, assuming the Disposal and the grant of the Call Option had taken place on 31 December 2017:

	HK$'000
Calculation of pro forma loss on the Disposal and the grant of the Call Option:	
Cash consideration *(note a)*	352,800
Fair value of the Call Option *(note b)*	(29,642)
Estimated transaction costs and expenses *(note c)*	(2,000)
25% equity interest in the Target Company as at 31 December 2017 *(note d)*	(415,618)
	(94,460)

(a) Cash consideration is RMB294,000,000, equivalent to approximately HK$352,800,000 at the approximate prevailing market exchange rate of RMB1.00 to HK$1.20 as at 31 December 2017.

(b) Together with the Disposal, Upmove International Limited, a wholly-owned subsidiary of the Company, simultaneous granted 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 RMB294,000,000 during the exercisable period between 1 January 2020 and 30 June 2020. For the purpose of preparing the unaudited pro forma financial information, the fair value of the Call Option as at 31 December 2017 amounted to RMB24,702,000 (equivalent to approximately HK$29,642,000), which has been arrived at on the basis of a valuation carried out by GW Financial Advisory Services Ltd, an independent professional valuer not connected to the Group, using Black Scholes model with valuation date at 31 December 2017. The fair value of the Call Option is subject to changes at actual date of grant of the Call Option.

(c) The amount of transaction costs and expenses attributable to the Disposal is estimated by directors of the Company and assumed to be settled in cash.

(d) The Group's interest in the Target Company amounted to HK$831,296,000, which represented 50% equity interest in the Target Company, as at 31 December 2017 as extracted from the consolidated financial statements of the Group as set out in the Annual Report 2017. The disposal of 25% equity interest in the Target Company represented 50% of such carrying amount. Upon completion of the Disposal, the Target Company become an associate of the Group.

The gain or loss on the Disposal and the grant of the Call Option is subject to changes at the actual date of completion.

(3) The adjustment represents the potential tax impact on the gain resulting from the Disposal.

(4) The Directors of the Company performed an impairment assessment on interest in associate and determined an impairment loss on interest in associate of approximately HK$94,946,000 and HK$103,286,000 is to be recognised assuming the Disposal had taken place on 31 December 2017 and 1 January 2017, respectively, based on value-in-use. The amount of impairment loss is subject to changes upon actual date of completion of the Disposal

(5) The adjustment represents the exclusion of the 25% share of result of the Target Company and relevant exchange difference arising on translation to presentation currency for the year ended 31 December 2017, assuming the Disposal had been taken place on 1 January 2017.

(6) The adjustment reflects the pro forma loss on the Disposal and the grant of the Call Option, assuming the Disposal and the grant of the Call Option had taken place on 1 January 2017:

	HK$'000
Calculation of pro forma loss on the Disposal and the grant of the Call Option:	
Cash consideration *(note a)*	332,220
Fair value of the Call Option *(note b)*	(42,429)
Estimated transaction costs and expenses *(note c)*	(2,000)
25% equity interest in the Target Company as at 1 January 2017 *(note d)*	(369,338)
	(81,547)
Cash received upon the Disposal and the grant of the Call Option	332,220
Less: Estimated transaction costs and expenses *(note c)*	(2,000)
Net cash received upon the Disposal and the grant of the Call Option as at 1 January 2017	330,220

(a) Cash consideration is RMB294,000,000, equivalent to approximately HK$332,220,000 at the approximate prevailing market exchange rate of RMB1.00 to HK$1.13 as at 1 January 2017.

(b) For the purpose of preparing the unaudited pro forma financial information, the fair value of the Call Option as at 1 January 2017 amounted to RMB37,548,000 (equivalent to approximately HK$42,429,000), which has been arrived at on the basis of a valuation carried out by GW Financial Advisory Services Ltd, an independent professional valuer not connected to the Group, using Black Scholes model with valuation date at 1 January 2017. The fair value of the Call Option is subject to changes at actual date of grant of the Call Option.

(c) The amount of transaction costs and expenses attributable to the Disposal is estimated by directors of the Company and assumed to be settled in cash.

(d) The Group's interest in the Target Company amounted to HK$738,675,000, which represented 50% equity interest in the Target Company, as at 31 December 2016 as extracted from the consolidated financial statements of the Group as set out in the Annual Report 2017. The disposal of 25% equity interest in the Target Company represented 50% of such carrying amount.

The gain or loss on the Disposal and the grant of the Call Option is subject to changes at the actual date of completion.

(7) The adjustment represents, for the purpose of preparing the unaudited pro forma financial information, the change in fair value of the Call Option during the year ended 31 December 2017, assuming the Disposal had taken place on 1 January 2017. The change in fair value is subject to changes upon actual date of grant of the Call Option.

(8) The above pro forma adjustments will have no continuing effect on the Group in the subsequent reporting periods.

(9) No adjustments have been made to reflect any operating results or other transactions of the Group entered into subsequent to 31 December 2017.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION – ASSUMING EXERCISE OF THE CALL OPTION SIMULTANEOUSLY

As at 31 December 2017

	The Group	Pro forma adjustments		The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Non-current assets				
Plant and equipment	26,157			26,157
Available-for-sale investments	77,096			77,096
Goodwill	72,373			72,373
Interest in a joint venture	831,236	(831,236)		–
Finance lease receivables	602,643			602,643
Loan receivables	24,014			24,014
Restricted bank deposits	21,505			21,505
Service income receivable and deposits	12,693			12,693
	1,667,717			836,481
Current assets				
Finance lease receivables	478,037			478,037
Loan receivables	101,022			101,022
Service income receivables, other receivables, deposits and prepayments	56,851			56,851
Held for trading investments	40,628			40,628
Deposits placed with non-bank financial institutions	143,288			143,288
Restricted bank deposits	40,167			40,167
Bank balances and cash	56,879	703,600		760,479
	916,872			1,620,472
Current liabilities				
Service cost payables, other payables and accruals	64,186			64,186
Deposits received from customers	35,094			35,094
Taxation payable	17,055		30,000	47,055
Borrowings	472,795			472,795
	589,130			619,130
Net current assets	327,742			1,001,342
Total assets less current liabilities	1,995,459			1,837,823

	The Group	Pro forma adjustments		The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Capital and reserves				
Share capital	119,192			119,192
Reserves	1,085,255	(127,636)	(30,000)	927,619
Equity attributable to owners of the Company	1,204,447			1,046,811
Non-controlling interests	149,961			149,961
Total equity	1,354,408			1,196,772
Non-current liabilities				
Deposits received from customers	25,912			25,912
Borrowings	597,466			597,466
Deferred tax liabilities	17,673			17,673
	641,051			641,051
	1,995,459			1,837,823

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – ASSUMING EXERCISE OF THE CALL OPTION SIMULTANEOUSLY

For the year ended 31 December 2017

	The Group	Pro forma adjustments			The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 3)*	
Continuing operations					
Revenue	198,134				198,134
Cost of sales	(166,866)				(166,866)
Gross profit	31,268				31,268
Other income	20,763				20,763
Other gains and losses	(26,885)				(26,885)
Administrative expense	(66,081)				(66,081)
Impairment loss on goodwill	(31,000)				(31,000)
Share of result of a joint venture	43,508	(43,508)			–
Loss on disposal of interest in a joint venture	–		(76,235)		(76,235)
Other expenses	(1,203)				(1,203)
Loss before taxation from continuing operations	(29,630)				(149,373)
Income tax expense	(6,059)			(30,000)	(36,059)
Loss for the year from continuing operations	(35,689)				(185,432)
Discontinued operation					
Loss for the year from discontinued operation	(114)				(114)
Loss for the year	(35,803)				(185,546)
Other comprehensive income (expense):					
Items that will not be reclassified subsequently to profit or loss:					
Exchange difference arising on translation to presentation currency	71,640	(49,054)			22,586
Items that may be reclassified subsequently to profit or loss:					
Reclassification adjustments relating to disposal of foreign operation during the year	114				114
Net fair value loss on available-for-sale investments during the year	(932)				(932)
Other comprehensive income for the year, net of income tax	70,822				21,768
Total comprehensive income for the year	35,019				(163,778)

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS – ASSUMING EXERCISE OF THE CALL OPTION SIMULTANEOUSLY

For the year ended 31 December 2017

	The Group	Pro forma adjustments			The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 3)*	
OPERATING ACTIVITIES					
Loss before taxation	(29,744)	(43,508)	(76,235)		(149,487)
Adjustments for:					
Finance costs	47,017				47,017
Depreciation of property, plant and equipment	1,787				1,787
Change in fair value of held for trading investments	26,585				26,585
Share of result of a joint venture	(43,508)	43,508			–
Impairment loss on goodwill	31,000				31,000
Loss on disposal of property, plant and equipment	132				132
Loss on disposal of subsidiaries	114				114
Loss on disposal of interest in a joint venture	–		76,235		76,235
Finance lease interest income	(63,624)				(63,624)
Interest income	(12,642)				(12,642)
Operating cash flows before movements in working capital	(42,883)				(42,883)
Increase in service income receivables, other receivables, deposits and prepayments	(30,942)				(30,942)
Decrease in service cost payables, other payables and accruals	(5,464)				(5,464)
Decrease in deposits received from customers	(39,398)				(39,398)
Decrease in held for trading investments	46,480				46,480
Interest in finance lease receivables	(830,188)				(830,188)
Increase in deposits placed with financial institutions	(125,525)				(125,525)
Cash used in operations	(1,027,920)				(1,027,920)
Income tax paid	(17,558)			(30,000)	(47,558)
Finance lease interest income received	63,136				63,136
Interest paid	(46,598)				(46,598)
NET CASH USED IN OPERATING ACTIVITIES	(1,028,940)				(1,058,940)

	The Group	Pro forma adjustments			The Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 4)*	*(Note 5)*	*(Note 3)*	
INVESTING ACTIVITIES					
Disposal of subsidiaries	7,970				7,970
Investment in available-for-sale investments	(54,014)				(54,014)
Addition of loan receivable	(69,722)				(69,722)
Repayment from loan receivables	17,361				17,361
Withdrawal of restricted bank deposits	55,443				55,443
Placement of restricted bank deposits	(3,559)				(3,559)
Purchase of property, plant and equipment	(17)				(17)
Proceeds from the Disposal and the exercise of the Call Option	–		664,440		664,440
Transaction costs attributable to the Disposal	–		(2,000)		(2,000)
Deposits paid for acquisition of property, plant and equipment	(686)				(686)
Interest received	10,638				10,638
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(36,586)				625,854
FINANCING ACTIVITIES					
Proceeds from borrowings	1,061,419				1,061,419
Dividend paid to non-controlling shareholder of a subsidiary	(20,508)				(20,508)
NET CASH FROM FINANCING ACTIVITIES	1,040,911				1,040,911
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,615)				607,825
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	81,236				81,236
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	258				258
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	56,879				689,319

Notes:

(1) Figures are extracted from the audited consolidated financial statements of the Group as set out in the Annual Report 2017.

(2) The adjustment reflects the pro forma loss on the Disposal, assuming the Disposal had taken place and the Call Option had been exercised on 31 December 2017:

	HK$'000
Calculation of pro forma loss on the disposal of 50% equity interest in the Target Company:	
Cash consideration *(note a)*	705,600
Estimated transaction costs and expenses *(note b)*	(2,000)
50% equity interest in the Target Company as at 31 December 2017 *(note c)*	(831,236)
	(127,636)

(a) Cash consideration, including the exercise price of the Call Option, is RMB588,000,000, equivalent to approximately HK$705,600,000 at the approximate prevailing market exchange rate of RMB1.00 to HK$1.20 as at 31 December 2017.

(b) The amount of transaction costs and expenses attributable to the Disposal is estimated by directors of the Company and assumed to be settled in cash.

(c) The Group's interest in the Target Company amounted to HK$831,236,000, which represented 50% equity interest in the Target Company, as at 31 December 2017 as extracted from the consolidated financial statements of the Group as set out in the Annual Report 2017.

The gain or loss on the Disposal is subject to changes at the actual date of completion.

(3) The adjustment represents the potential tax impact on the gain resulting from the disposal of 50% equity interest in the Target Company.

(4) The adjustment represents the exclusion of the 50% share of result of the Target Company and relevant exchange difference arising on translation to presentation currency for the year ended 31 December 2017, assuming the disposal of 50% equity interest in the Target Company had been taken place on 1 January 2017.

(5) The adjustment reflects the pro forma loss on the Disposal, assuming the Disposal had taken place and the Call Option had been exercised on 1 January 2017:

	HK$'000
Calculation of pro forma loss on the disposal of 50% equity interest in the Target Company:	
Cash consideration *(note a)*	664,440
Estimated transaction costs and expenses *(note b)*	(2,000)
50% equity interest in the Target Company as at 1 January 2017 *(note c)*	(738,675)
	(76,235)
Cash received upon the Disposal and the exercise of the Call Option	664,440
Less: Estimated transaction costs and expenses *(note b)*	(2,000)
Net cash received as at 1 January 2017	662,440

(a) Cash consideration, including the exercise price of the Call Option, is RMB588,000,000, equivalent to approximately HK$664,440,000 at the approximate prevailing market exchange rate of RMB1.00 to HK$1.13 as estimated by directors of the Company as at 1 January 2017.

(b) The amount of transaction costs and expenses attributable to the Disposal is estimated by directors of the Company and assumed to be settled in cash.

(c) The Group's interest in the Target Company amounted to HK$738,675,000, which represented 50% equity interest in the Target Company, as at 31 December 2016 as extracted from the consolidated financial statements of the Group as set out in the Annual Report 2017.

(6) The above pro forma adjustments will have no continuing effect on the Group in the subsequent reporting periods.

(7) No adjustments have been made to reflect any operating results or other transactions of the Group entered into subsequent to 31 December 2017.

(B) INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.

Deloitte. 德勤

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of China Ever Grand Financial Leasing Group Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Ever Grand Financial Leasing Group Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2017, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2017, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2017 and related notes as set out on pages III-1 to III-16 of the circular issued by the Company dated 25 June 2018 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-16 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed very substantial disposal in relation to the sale of interests in terminal and logistics services business (the "Disposal") on the Group's financial position as at 31 December 2017 and the Group's financial performance and cash flows for the year ended 31 December 2017 as if the Disposal had taken place at 31 December 2017 and 1 January 2017 respectively. As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2017, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2017 or 1 January 2017 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

25 June 2018

The following is the text of a valuation report prepared for inclusion in this document, received from Knight Frank Petty Limited, an independent property valuer, in connection with their valuation as of 30 April 2018 of the Property held by the Group.

Knight Frank 萊坊

Knight Frank Petty Limited
4th Floor, Shui On Centre
6-8 Harbour Road
Wan Chai, Hong Kong

25 June 2018

Board of Directors
China Ever Grand Financial Leasing Group Co., Ltd
22/F, Kwan Chart Tower,
No 6 Tonnochy Road,
Wanchai,
Hong Kong

Dear Sirs

VALUATION OF VARIOUS PORTIONS OF RIZHAO LANSHAN PORT, LANSHAN DISTRICT, RIZHAO CITY, SHANDONG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA (THE "PROPERTY")

In accordance with the instruction from China Ever Grand Financial Leasing Group Co., Ltd (the "**Company**") for us to value the Property held by Rizhao Lanshan Wansheng Harbour Company Limited (日照嵐山萬盛港業有限公司) (the "**Target Company**") in the People's Republic of China (the **"PRC**"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such Property in existing state as at 30 April 2018 (the "**Valuation Date**").

BASIS OF VALUATION

Our valuation is our opinion of the market value of the Property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

VALUATION METHODOLOGIES

In arriving at our opinion of value for completed portion of the Property, we have adopted Income Approach by capitalizing the historical incomes generated from operation of the Property and with reference to the rate of return of similar form of investments. While we have accomplished the valuation with regards to its incomes generated, all the relevant operating assets are being included in the valuation including sea use rights.

For the remaining portion of Property under construction, we have adopted **Depreciated Replacement Cost** ("**DRC**") approach, which is defined as "an estimate of the market value for the existing use of the land, plus the current gross replacement (reproduction) costs of the improvements thereon, less allowance for physical deterioration and all relevant forms of obsolescence and optimization (if any)".

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided with extracts of documents in relation to the titles to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We have relied on the information provided by the Group and its PRC legal advisor, ETR Law Firm, regarding the title to the Property.

No allowance has been made in our report for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in affecting a sale. It is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

SOURCE OF INFORMATION

We have relied to a very considerable extent on the information given by the Group and the legal opinion of the Group's PRC legal advisor. We have no reason to doubt the truth and the accuracy of the information provided by the Group which is material to the valuation. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, completion date of the buildings, particulars of occupancy, joint-venture agreements/contracts, and site and floor areas. Dimension, measurements and areas included in the attached valuation report are based on the information provided to us and are therefore only approximations. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property and we have assumed that the areas shown on the documents handed to us are correct. We were also advised by the Group that no material facts have been omitted from the information provided.

We have inspected the exteriors and, where possible, the interiors of the Property and the inspection was carried out by our Ocean Ruan in January 2018. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects, we are not, however, able to report that the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

IDENTITY OF PROPERTY TO BE VALUED

We exercised reasonable care and skill (but will not have an absolute obligation to you) to ensure that the Property, identified by the property address in your instructions, is the Property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the Property to be valued, this should be drawn to our attention in your instruction or immediately upon receipt of our report.

ENVIRONMENTAL ISSUES

We are not environmental specialists and therefore we have not carried out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor have we undertaken searches of public archives to seek evidence of past activities that might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation is prepared on the assumption that the Property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified.

COMPLIANCE WITH RELEVANT ORDINANCES AND REGULATIONS

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of any ordinances, statutory requirement and notices except only where otherwise stated. We have further assumed that, for any use of the Property upon which this report is based, any and all required licences, permits, certificates, consents, approvals and authorisations have been obtained, except only where otherwise stated.

REMARKS

In preparing our valuation report, we have complied with the requirements contained within relevant provisions of Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and The HKIS Valuation Standards 2017 Edition published by the Hong Kong Institute of Surveyors.

CURRENCY

All sums stated in our valuation are in Renminbi.

Our valuation report is attached.

Yours faithfully
For and on behalf of
Knight Frank Petty Limited
Clement W M Leung
MFin MCIREA MHKIS MRICS RPS (GP)
Executive Director
Head of China Valuation & Advisory

Remarks: Clement W M Leung, MFin MCIREA, MHKIS, MRICS, *RPS (GP)*, has been a qualified valuer and has about 25 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific Region and has 23 years' experience in the valuation of properties in the People's Republic of China.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018 *RMB*
Berth No. 2, Berth No.6, Berth No. 8, Berth No. 10, various building and structures, various Construction In Progress including 5 berths under construction located at Lanshan Port, Lanshan District, Rizhao City, Shandong Province, the PRC	The Property comprises 4 completed berths together with 3 buildings and various structures erected on two parcels of land with a total site area of approximately 80,656.9 sqm. and seven sea use rights area with a total area of approximately 1,802,604 sqm. The Property also comprises 5 berths and 3 structure projects under construction upon mostly of the sea use rights area of the Property. **Completed Portion:** The 4 completed berths are all approximately 300 metres long. Berth No.2 and Berth No.6 both have a depth of 13.6 metres with a capacity of 50,000 ton completed in 2005. Berth No.8 and Berth No.10 both have a depth of 15.1 metres. Berth No.8 has a capacity of 70,000 ton completed in 2012. Berth No.10 has a capacity of 100,000 ton completed in 2012.	The Completed Portion of the Property is currently occupied by the Target Company operating as berths. Portion of the area on the floor 1 – 4 in No.10 Berth Staff Building with a floor area of 490.79 sqm is leased to Rizhao Lingang International Logistics Company Ltd for office use from 1 July 2017 to 30 June 2018 at an annual rental of RMB73,618.5. Portion of the area on the 3rd floor in No. 2 Berth Staff Building and 3rd Floor in No.10 Berth Staff Building with a floor area of 522.67 sqm is leased to Huang Jin Hai An Zhuang Xie Gong Cheng Company Ltd for office use from 1 July 2017 to 30 June 2018 at an annual rental of RMB78,400.5.	1,566,000,000 (RENMINBI ONE THOUSAND FIVE HUNDRED SIXTY SIX MILLION ONLY)

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018 *RMB*
	The 3 buildings have a total gross floor area of approximately 7,604 sqm, and completed between 2004 and 2017. Details of the buildings are listed as follow: **Name** / **GFA** *(sqm)* No.3 power substation: 1,182 New Berth Staff Building (Lannan No.8/No.10 Berth Staff Building): 5,342 Maintenance Workshop behind Berth No.10: 1,080 Total: 7,604 The Property also comprises various structures completed in various stages between 2005 and 2017.	Portion of the area on the 4th Floor in No.10 Berth Staff Building with an area of 799.79 sqm is leased to Rizhao Weien Cangchu Logistics Company Ltd for office use from 1 July 2017 to 30 June 2018 at an annual rental of RMB116,968.5. Portion of the area on the 4th Floor in the No.2 Berth Staff Building and 3rd Floor in the No.10 Berth Staff Building with an area of 559.69 sqm is leased to Rizhao Zhenghe Zhuangxie Gongcheng Company Ltd. for office use from 1 July 2017 to 30 June 2018 at an annual rental of RMB83,953.5. The constructions works of the construction-in-progress Portion of the Property are currently halted.	

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018 *RMB*
	Construction-in-Progress Portion The construction in progress portion of the property comprises 5 berths together with 3 various structures to be erected on a reclaimed land. The 5 berths are named as Nanyi Tudi Wood Berth, Nanyi Tudi 50,000 and 70,000 ton Berths, Berth No. 12 and Berth No.16. Berth No. 12 and Berth No.16 under construction will be approximately 706 metres long in total and will have a total designed annual capacity of 300,000 ton upon completion. Nanyi Tudi Wood Berth will be approximately 230 metres long and will have a total designed annual capacity of 35,000 ton upon completion. Nanyi Tudi 50,000/70,000 ton Berths will have a total designed annual capacity of 50,000 and 70,000 ton upon completion, respectively.		

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 April 2018 *RMB*
	The 3 structures under construction comprise Nanyi Tudi temporary area backfull projects, Nanyi Tudi backfull projects (Zone A), and Nanyi Tudi cargo yard hardening project Phase 3, which were started in 2014. The land use rights of the Property have been granted for a term for 50 years expiring on 28 December 2057 and 17 November 2050. The sea use rights of the sea use areas have been granted for terms expiring on between 2 June 2053 and 1 December 2060 for reclamation, transportation and port uses.		

Notes:

1. Pursuant to 2 State-owned Land Use Right Certificates both issued by Land Resources Bureau of Shandong, Lanshan Branch, the title to the land use rights of the Development with a total site area of 80,656.9 sqm was vested to Rizhao Lanshan Wansheng Harbour Company Limited (日照嵐山萬盛港業有限公司). Details of the State-owned Land Use Right Certificates are listed as follows:

Certificate Nos.	Land Use	Expiry Date	Site Area *(sq. m)*	Date of Issuance
Ri Lan Guo Yong (2010) Di. 2	Port 106	28 December 2057	76,678	11 December 2009
Ri Lan Guo Yong (2008) Di.443	Storage 063	17 November 2050	3,978.9	17 December 2008

2. As stipulated in the Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 033700008 (國海證033700008號)*) issued by Shandong Province People's Government (山東省人民政府) dated 18 April 2005, the sea use rights of the sea use areas with an area of approximately 90,000 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 2 June 2053 for sea reclamation for Lanshan General Berth Phase 1 Construction (嵐山港通用泊位一期工程). A lump sum sea area use fee of RMB1,166,400 has been fully settled.

3. As stipulated in another Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 053700801 (國海證053700801號)*) issued by Shandong Province People's Government (山東省人民政府) dated 28 February 2006, the sea use rights of the sea use areas with an area of approximately 270,000 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 27 February 2056 for sea reclamation for Lanshan General Berth Phase 2 Construction (嵐山港通用泊位二期工程). A lump sum sea area use fee of RMB5,771,300 has been fully settled.

4. As stipulated in another Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 073700290 (國海證073700290號)*) issued by Shandong Province People's Government (山東省人民政府) dated 31 May 2007, the sea use rights of the sea use areas with an area of approximately 493,000 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 30 May 2057 for sea reclamation for West Embankment General Berth Construction (西突堤通用泊位工程). A lump sum sea area use fee of RMB18,042,061 has been fully settled.

5. As stipulated in another Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 073700289 (國海證073700289號)*) issued by Shandong Province People's Government (山東省人民政府) dated 31 May 2007, the sea use rights of the sea use areas with an area of approximately 494,500 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 30 May 2057 for sea reclamation for West Embankment Storage Ground Construction (西突堤貨場工程). A lump sum sea area use fee of RMB18,097,958 has fully been settled.

6. As stipulated in another Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 093700956 (國海證093700956號)*) issued by Shandong Province People's Government (山東省人民政府) dated 10 December 2009, the sea use rights of the sea use areas with an area of approximately 101,222 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 9 December 2059 for sea reclamation for Rizhao Port Lanshan Port Area Berth Nos. 15 and 16 Construction (日照港嵐山港區15#、16#泊位工程). A lump sum sea area use fee of RMB6,837,915 has been fully settled.

7. As stipulated in another Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 093700957 (國海證093700957號)*) issued by Shandong Province People's Government (山東省人民政府) dated 10 December 2009, the sea use rights of the sea use areas with an area of approximately 101,222 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 9 December 2059 for Rizhao Port Lanshan Port Area Berth Nos. 15 and 16 Construction (日照港嵐山港區15#、16#泊位工程) at an annual sea area use fee of RMB16,244.6.

8. As advised by the Company, the Sea Area Use Certificates (海域使用權證書) *ref. no. Guo Hai Zheng No. 093700956 (國海證093700956號)* and *ref. no. Guo Hai Zheng No. 093700957 (國海證093700957號)* are referring to the same sea area.

9. As stipulated in another Sea Area Use Certificate (海域使用權證書) (*ref. no. Guo Hai Zheng No. 103701439 (國海證103701439號)*) issued by Shandong Province People's Government (山東省人民政府) dated 12 December 2010, the sea use rights of the sea use areas with an area of approximately 353,882 square metres are held by Rizhao Lanshan Wansheng Harbour Company Limited for a term expiring on 1 December 2060 for Rizhao Port Lanshan Port Area South Operation Area Nanyi Tudi Wood Berth Construction (日照港嵐山港區南作業區南一突堤木材泊位工程) at an annual sea area use fee of RMB37,157,610.

10. The market value of the Property consists of Completed Portion approximately RMB1,341,000,000 and the Construction-in-Progress portion of the Property approximately RMB225,000,000.

11. As advised by the Company, the construction works of the Construction-in-Progress portion of the Property is halted as at the Valuation Date. Existing stages of the construction include preliminary feasibility study, site investigation, and cofferdam. As advised by the Company, the reasons for halt of construction work is because the capacity of the Completed Portion of the Property can meet the current market demand. In view of the current market condition and the Disposal is in process, the Company does not have a concluded plan to relaunch the construction works of the Construction-in-Progress portion of the Property. According to the information provided to us, as at the Valuation Date, the Construction-in-Progress portion of the Property has a total construction cost incurred as about RMB 225,000,000 with a total budget construction cost of about RMB 1,678,060,000.

12. According to the opinion provided by the Company's legal advisers from ETR Law Firm, the followings, *inter alia*, were noted:

I. Completed Portion of the Property

i. The State-owned land use rights (日嵐國用(2010)第2號) with an area of 76,678 sq m is not currently subject to any guarantees, mortgages and other rights; and within the land use right term, the Target Company has the right to use the land according to its specified legal use, lease, transfer, mortgage or handle it in accordance with the laws.

ii. The State-owned land use rights (日嵐國用(2008)第443號) with an area of 3,978.9 sq m is not currently subject to any guarantees, mortgages and other rights; and within the land use right term, the Target Company has the right to use the land according to its specified legal use, lease, transfer, mortgage or handle it in accordance with the laws.

iii. Rizhao Lanshan Wansheng Harbour Company Limited has secured sea use rights of seven sea areas via seven sets of Sea Use Rights Certificate. Except for the sea use rights with Sea Area Use Certificate ref. no. Guo Hai Zheng No. 073700290, No. 093700956 and No. 103701439, which have been pledged for bank mortgage, the sea use rights of the property are not subject to mortgage, charge and any third parties' rights. Rizhao Lanshan Wansheng Harbour Company Limited has the rights to use, lease, transfer, mortgage or dispose of the sea use rights of the property within the unexpired sea use rights terms.

iv. The Target Company owns the 3 buildings (No.3 power substation, New Berth Staff Building, Maintenance Workshop behind Berth No.10) of the Property, and is not currently subject to any limitation of guarantees, mortgages and other rights. After the Target Company legally renews the relevant documents for the 3 buildings, there are no legal obstacles in obtaining the property ownership. After obtaining the property ownership, the Target Company can freely lease, transfer and mortgage the 3 buildings.

v. The Target Company has obtained the relevant construction, quality examination acceptance of the various structures completed in various stages between 2005 and 2017 including Berth No. 6, 8 & 10. They have not violated current national laws and regulations. There is no potential legal risk of being punished by the relevant administrative department, and they can be freely leased, transferred and mortgaged together with the sea rights.

II. Construction in Progress Portion of the Property

i. Based on the written confirmation from the Target Company, Nanyi Tudi Wood Berths, Nanyi Tudi 50,000/70,000 ton Berths, Berth No. 12 and Berth No.16, Nanyi Tudi temporary area backfull projects, Nanyi Tudi backfull projects (Zone A) and Nanyi Tudi cargo yard hardening projects Phase 3 are all construction in progress. They have not violated current national laws and regulations. There is no potential legal risk of being punished by the relevant administrative department. After the relevant procedures have been checked and accepted by relevant departments and relevant approval documents have been obtained, they can be freely leased, transferred and mortgaged together with the sea use rights.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and chief executive's long and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of the Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Director of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

Interests and short positions in shares and underlying shares of the Company

Long and short positions in the ordinary shares/underlying shares of the Company:

	Number of share/underlying shares held					
Directors/chief executive	**Personal interests**	**Corporate interests**	*(Note 2)* **Number of underlying shares held under equity derivatives**	**Total interests**	**Long(L) or Short(S) Position**	**Percentage of interests**
Wong Lik Ping	466,000,000	1,455,000,000 *(Note 1)*		1,921,000,000	S	16.12%
Yeung Sau Han Agnes	27,250,000	–		27,250,000	L	0.23%
Qiao Weibing			6,666,667	6,666,667	L	0.06%
Lai Ka Fai			2,666,667	2,666,667	L	0.02%
Tao Ke			2,000,000	2,000,000	L	0.02%
Goh Choo Hwee			1,333,333	1,333,333	L	0.01%
Ho Hin Yip			1,333,333	1,333,333	L	0.01%
U Keng Tin			1,333,333	1,333,333	L	0.01%

Notes:

1. These interests are held by Worldkin Development Limited ("Worldkin") which is wholly-owned by Mr. Wong Lik Ping. Mr. Wong is therefore deemed to be interested in the shares held by Worldkin. The interests held by Worldkin represent approximately 12.21% of the issued share capital of the Company. Mr. Wong Lik Ping is the director of Worldkin.

2. These interests represented the interests in underlying shares in respect of the share options granted by the Company to the directors on 8 December 2016. Details of which are set out in note 28 to the 2017 consolidated financial statements.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) where were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or have or may have any other conflicts of interest with the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had entered or been proposed to enter into any service contract with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

Details of the related party transactions are set out in note 38 to the financial statements of the Group for the year ended 31 December 2017 in the annual report of the Company. Save as disclosed above, as at the Latest Practicable Date, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party. As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2017 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date and are or may be material:

(a) An agreement dated 17 November 2016 entered into between Lucky Ride Investments Limited, a wholly-owned subsidiary of the Company, and Harmonic Lead Limited in respect of the disposal of 100% equity interests in Teamcom Group Limited at HK$10,000,000;

(b) Disposal Agreement.

7. EXPERT AND CONSENT

The following is the qualification of the experts or professional advisers who have given opinions or advices contained in this circular:

Name	**Qualification**
Deloitte Touche Tohmatsu	Certified Public Accountants
Knight Frank Petty Limited	Independent Professional Valuer

As at the Latest Practicable Date, both Deloitte Touche Tohmatsu and Knight Frank Petty Limited have given and have not withdrawn their written consents to the issue of this circular with the inclusion of their letters and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, both Deloitte Touche Tohmatsu and Knight Frank Petty Limited did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, both Deloitte Touche Tohmatsu and Knight Frank Petty Limited were not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, the date to which the latest audited financial statements of the Company were made up.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. GENERAL

(a) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

(b) The head office and principal place of business in Hong Kong of the Company is situated at Room 2203, 22/F, Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong.

(c) The branch share registrar and the transfer office of the Company in Hong Kong is Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The joint company secretaries of the Company are Mr. Li Chak Hung and Mr. Siu Wai Bun, Mr. Li Chak Hung is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Siu Wai Bun is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Hong Kong Institute of Chartered Secretaries.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on Business Days at the office of the Company at Room 2203, 22/F., Kwan Chart Tower, No. 6 Tonnochy Road, Wanchai, Hong Kong from the Latest Practicable Date up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the Disposal Agreement;

(c) the Call Option Undertaking;

(d) the accountants' report on the Target Company, the text of which is set out in Appendix II to this circular;

(e) the assurance report in respect of the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this circular;

(f) the Property Valuation Report, the text of which is set out in appendix IV to this circular;

(g) the letters of consent referred to under the paragraph headed "Expert and Consent" in this appendix;

(h) the annual reports of the Company for the years ended 31 December 2016 and 31 December 2017, respectively;

(i) the material contracts referred to in the paragraph headed "Material Contracts" in this appendix; and

(j) this circular.

EGIC 中國恒嘉融資租賃集團有限公司
CHINA EVER GRAND FINANCIAL LEASING GROUP CO., LTD.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Ever Grand Financial Leasing Group Co., Ltd. (the "**Company**") will be held at Room 2203, 22/F. Kwan Chart Tower No. 6 Tonnochy Road Wanchai, Hong Kong on Tuesday, 17 July 2018 at 3:00 p.m. to consider and, if thought fit, pass with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**

(a) the agreement dated 15 May 2018 (the "**Disposal Agreement**") (copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "A") entered into between Upmove International Limited (the "**Vendor**"), a wholly-owned subsidiary of the Company, as vendor and 日照港股份有限公司 (Rizhao Port Company Limited) as purchaser in relation to, among others, the disposal of 25% equity interest in 日照嵐山萬盛港業有限責任公司 (Rizhao Lanshan Wansheng Harbour Company Limited) (the "**Target Company**") for a consideration of RMB294 million (equivalent to approximately HK$368 million) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) the unconditional undertaking dated 15 May 2018 (the "**Call Option Undertaking**") (copy of which, signed by the Chairman of the meeting for the purposes of identification, has been produced to the meeting marked "B") given by the Vendor to grant the call option to the 日照港集團有限公司 (Rizhao Port Group Limited) (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) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

(c) any one of the directors of the Company be and is authorised to do all such acts and things, to sign and execute such documents or agreements or deeds on behalf of the Company and to do such other things and to take all such actions as he/she may consider necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Disposal Agreement, the Call Option Undertaking and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the Disposal Agreement and the Call Option Undertaking) as are, in the opinion of the directors of the Company or the duly authorised committee, in the interest of the Company and its shareholders as a whole."

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

Hong Kong, 25 June 2018

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal place of business in Hong Kong:
Room 2203, 22/F.
Kwan Chart Tower
No. 6 Tonnochy Road
Wanchai, Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member of the Company who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company. In addition, a proxy or proxies representing either a member of the Company who is an individual or a member of the Company which is a corporation is entitled to exercise the same powers on behalf of the member of the Company which he or they represent as such member of the Company could exercise.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same. In the case of an instrument of proxy purporting to be signed on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign such instrument of proxy on behalf of the corporation without further evidence of the fact.

3. The instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting thereof at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.

4. Delivery of an instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. Where there are joint holders of any share any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.