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

**(Stock Code: 379)**

**MEMORANDUM OF UNDERSTANDING  
IN RELATION TO THE POSSIBLE ACQUISITION  
AND  
CONNECTED TRANSACTION IN RELATION TO  
PAYMENT OF EARNEST MONEY**

The Board is pleased to announce that on 1 November 2018, the Purchaser and the Vendor entered into the MOU indicating the intention of the Purchaser and the Vendor to enter into the Acquisition Agreement in respect of the Possible Acquisition of 100% equity interest in the Target Company or assets of the Target Company during the Exclusivity Period.

Under the MOU, the Purchaser shall pay a refundable amount of HK\$20 million to the Vendor as earnest money within 1 month after the date of signing of the MOU.

The Vendor is a company, the equity interest of which is ultimately owned as to 75% by Mr. Wang Liang, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. The Vendor and Mr. Wang Liang is an associate of Mr. Wong Lik Ping as defined under the Listing Rules, and, thus, connected persons of the Company as defined thereunder. The payment of the Earnest Money by the Purchaser to the Vendor shall constitute a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios under the Listing Rules in respect of the payment of Earnest Money exceed 0.1% but are less than 5%, the payment of the Earnest Money under the MOU constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the notification and announcement requirements but is exempt from the circular and independent shareholders' approval requirement under the Listing Rules.

**The Possible Acquisition is subject to the entering into of the Acquisition Agreement by the Purchaser and the Vendor and conditional upon the fulfillment of certain conditions as set out in paragraph “Conditions precedent” of this announcement. The Possible Acquisition therefore may or may not proceed. The Company will publish an announcement in compliance with the Listing Rules as when and appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **THE MOU**

The Board is pleased to announce that on 1 November 2018, the Purchaser and the Vendor entered into the MOU indicating the intention of the Purchaser and the Vendor to enter into the Acquisition Agreement in respect of the Possible Acquisition of 100% equity interest in the Target Company or assets of the Target Company during the Exclusivity Period. The principal terms of the MOU are as follows:

### **Target Company**

The Target Company is a limited liability company established in the PRC. It is principally engaged in the research and studies and design of industrial biotechnology products, the wholesale of food additives and the provision of technology consultation services. The major assets owned by the Target Company include properties located in Shanghai, the PRC, facilities and equipment used for research and studies of biotechnology, trademarks and patents.

### **Consideration and Earnest Money**

While the final amount of the consideration of the Possible Acquisition is yet to be agreed between the Vendor and the Purchaser, pursuant to the MOU, the Vendor and the Purchaser intended that the consideration of the Possible Acquisition will be determined with reference to various factors to be mutually agreed by the Purchaser and the Vendor, including but not limited to valuation to the assets owned by the Target Company, financial status of the Target Company and/or future prospect of the business of the Target Company. The amount and method of payment of the consideration once agreed will be set forth in the Acquisition Agreement.

Within 1 month upon signing of the MOU, the Purchaser shall pay a sum of HK\$20,000,000, being the earnest money of the Possible Acquisition (the “**Earnest Money**”), in cash to the Vendor. In the event the Acquisition Agreement is entered into by the Purchaser and the Vendor, the Earnest Money would become the part payment of the consideration for the Possible Acquisition. The amount of Earnest Money was determined after arm’s length negotiations between the parties after having considered the financial information and the assets of the Target Company, the asset value of the Target Company and the refundable nature of the Earnest Money. The Company intends to finance the Earnest Money by its internal resources.

The Earnest Money is without collateral. If the Possible Acquisition is not entered into by the Vendor and the Purchaser during the Exclusivity Period, the Earnest Money shall be refunded to the Purchaser within 1 month upon the expiry of the Exclusivity Period.

### **Conditions precedent**

Completion of the Possible Acquisition is conditional upon the fulfilment or waiver of conditions precedent including, among other things, (a) the Purchaser has completed the necessary due diligence and satisfied with the results; and (b) the obtain of the necessary approvals and permits by the Company in compliance with the Listing Rules and other applicable laws and regulations.

### **Exclusive period**

The MOU shall remain in effect for a term of 12 months from the date of the MOU. The Vendor have agreed that they shall not engage in any discussion, negotiation or arrangement or enter into any agreement in relation to the disposal of the Target Company (including its business and assets) with any other party during the Exclusivity Period, and the Exclusivity Period may be extended upon written agreement of the Vendor and the Purchaser.

If the Acquisition Agreement is entered into between the Vendor (or the Target Company as procured by the Vendor in the event that assets of the Target Company would be acquired by the Purchaser) and the Purchaser (or any affiliated party nominated by the Purchaser) within the Exclusivity Period, the MOU shall be terminated and cease to have effect.

Save for the terms in relation to confidentiality, the payment of Earnest Money, exclusivity, term, expenses and governing laws contained in the MOU, the MOU is not legally binding or enforceable.

## **INFORMATION OF THE VENDOR**

The Vendor is an investment holding company, the equity interest of which is ultimately owned as to 75% by Mr. Wang Liang, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. Therefore, Mr. Wang Liang and the Vendor are associates of Mr. Wong Lik Ping as defined under the Listing Rules. The remaining 25% equity interest of the Vendor is ultimately owned by an Independent Third Party.

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

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

The Group is committed to seek business opportunities and intends to acquire high quality business with good potential for expansion of the Group's business in order to diversify the Group's income stream and enhance Shareholders' value. Given that the Target Company is engaged in, among others, the wholesale of food additives and the research and studies and design of industrial biotechnology products, the Board considers the Possible Acquisition and the entering into of the Acquisition Agreement could help to further diversify the Group's business and will expand and create synergy effect with the Group's existing food additives business. The Directors consider that the MOU and the payment of the Earnest Money can secure the exclusive negotiation right of the Group in relation to the Possible Acquisition during the Exclusivity Period.

The Board (including the independent non-executive Directors) considers the terms of the MOU and the payment of the Earnest Money are fair and reasonable and are entered into on normal commercial terms and in the interests of the Group and its shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Vendor is a connected person of the Company as defined the Listing Rules. The payment of the Earnest Money by the Purchaser to the Vendor shall constitute a connected transaction of the Company under the Listing Rules. As the relevant percentage ratios under the Listing Rules in respect of the payment of Earnest Money exceed 0.1% but are less than 5%, the payment of the Earnest Money under the MOU constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is therefore subject to the notification and announcement requirements but is exempt from the circular and independent shareholders' approval requirement under the Listing Rules.

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

## **GENERAL**

**The Possible Acquisition is subject to the entering into of the Acquisition Agreement by the Purchaser and the Vendor and conditional upon the fulfillment of certain conditions as set out in paragraph “Conditions precedent” of this announcement. The Possible Acquisition therefore may or may not proceed. The Company will publish an announcement in compliance with the Listing Rules as when and appropriate. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

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

“Acquisition Agreement”                      the formal sale and purchase agreement in relation to the Possible Acquisition which may be entered into by the Vendor (or the Target Company as procured by the Vendor in the event that assets of the Target Company would be acquired by the Purchaser) and the Purchaser (or any affiliated party nominated by the Purchaser)

“Board”	the board of Directors
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a company incorporated in the Cayman Islands whose shares are listed and traded on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Exclusivity Period”	a term of 12 months from the date of the MOU
“Group”	the Company and its subsidiaries
“Independent Third Party”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of the Company and its connected persons and not connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	a memorandum of understanding dated 1 November 2018 entered into between the Purchaser and the Vendor in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of 100% equity interest in the Target Company or assets of the Target Company by the Purchaser from the Vendor as set out in the MOU
“PRC”	the People’s Republic of China
“Purchaser”	High Grace Holdings Limited (高優集團有限公司), a company incorporated in Hong Kong with limited liability in 2017 and an indirectly wholly-owned subsidiary of the Company

“Shareholder(s)”	the holder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Lizu Biotechnology Company Limited* (上海立足生物科技有限公司), a company established in the PRC with limited liability in 2014, the entire equity interest is 100% owned by the Vendor
“Vendor ”	Great Wisdom Technology Limited (偉智科技有限公司), a company incorporated in Hong Kong with limited liability in 2014, the 75% equity interest of which is ultimately owned by Mr. Wang Liang, a connected person of the Company
“%”	per cent

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

Hong Kong, 2 November 2018

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

\* *For identification purpose only*