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.

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)

DISCLOSEABLE AND CONNECTED TRANSACTION
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY
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 letter from the Board is set out on pages 5 to 19 of this circular and a letter from the Independent Board Committee is set out on pages 20 to 21 of this circular. A letter from Red Sun, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 22 to 43 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 Friday, 22 February 2019 at 11:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 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.

1 February 2019

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DEFINITIONS

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

"Acquisition"	the purchase of the entire issued share capital of the Target Company as contemplated under the Share Purchase Agreement;
"associate(s)"	has the meaning ascribed to it under the Listing Rules;
"Board"	the board of Directors;
"BVI"	the British Virgin Islands;
"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;
"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;
"Completion"	completion of the Share Purchase Agreement;
"Conditions Precedent"	the conditions precedent to the Completion;
"connected person(s)"	has the meaning ascribed to it under the Listing Rules;
"Consideration"	the aggregate consideration of HKD90,000,000 for the acquisition of the Sale Share pursuant to the Share Purchase Agreement;
"Director(s)"	the director(s) of the Company;
"EGM"	an extraordinary general meeting of the Shareholders to be held for the purpose of approving, among others, the Share Purchase Agreement and the transactions contemplated thereunder;
"Group"	the Company and its subsidiaries;
"Great Wisdom"	Great Wisdom Technology Limited (偉智科技有限公司), a company incorporated in Hong Kong with limited liability in 2014, the entire issued share capital of which is owned by the Target Company;

"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Board Committee"	a board committee comprising all the independent non-executive Directors, namely Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin;
"Independent Financial Adviser" or "Red Sun"	Red Sun Capital Limited, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder, and a corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities;
"Independent Shareholders"	Shareholder(s) other than Mr. Wong Lik Ping and his associates;
"Knight Frank"	Knight Frank Petty Limited, a firm of qualified valuer and an independent third party;
"Knight Frank Appraisal"	Knight Frank Asset Appraisal Limited, a firm of qualified valuer and an independent third party;
"Latest Practicable Date"	23 January 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Long Stop Date"	31 March 2019 or such later date as the Purchaser and the Vendor may agree in writing;
"MOU"	a memorandum of understanding dated 1 November 2018 entered into between the Purchaser and Great Wisdom in relation to the possible acquisition of 100% equity interest of Shanghai Lizu or its assets;
"PRC"	the People's Republic of China, excluding Taiwan, Hong Kong Special Administrative Region and Macau Special Administrative Region for the purpose of this circular;

"Property"	an industrial building comprising Units 102, 103, 202, 203, 302, 303, 402 and 403, located at Block 6 No. 188 Xinjunhuan Road, Minhang District Shanghai, the PRC;
"Property Valuation Report"	has the meaning ascribed to it under Chapter 5 of the Listing Rules, the valuation report dated 1 February 2019 on, among others, the Property prepared by Knight Frank;
"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 indirect wholly-owned subsidiary of the Company;
"RMB"	Renminbi, the lawful currency of the PRC;
"Sale Share"	100% of the issued share capital of the Target Company as at the date of Completion;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	ordinary share(s) of HKD0.01 each in the share capital of the Company;
"Shareholder(s)"	holder of the Shares;
"Share Purchase Agreement"	a share purchase agreement dated 8 January 2019 entered into between the Purchaser, the Vendor, the Vendor's Guarantor and Great Wisdom in relation to the Acquisition;
"Shanghai Lizu"	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 of which is owned by Great Wisdom;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Target Company"	Quantum Power Limited (勁力有限公司), a company incorporated in the BVI with limited liability in 2014, the entire issued share capital of which is owned by the Vendor;

"Target Company Valuation Report"	has the meaning ascribed to it under Chapter 5 of the Listing Rules, the valuation report dated 1 February 2019 on the entire equity interest of the Target Company prepared by Knight Frank Appraisal;
"Target Group"	the Target Company together with its subsidiaries;
"Vendor"	Ocean Edge Investments Limited (泓海投資有限公司), a company incorporated in the BVI with limited liability in 2014, the entire issued share capital of which is owned by the Vendor's Guarantor;
"Vendor's Guarantor"	Mr. Wang Liang, the son of Mr. Wong Lik Ping who is an executive Director and a substantial Shareholder; and
"%"	per cent.

* *For identification purposes only.*

** *In this circular, translation of RMB into HKD (or HK$) based on the exchange rate of RMB1.00 to HKD1.14. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or 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

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

1 February 2019

To the Shareholders

Dear Sir/Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

Reference is made to the announcement of the Company dated 8 January 2019 in respect of the Acquisition. The Purchaser, a wholly-owned subsidiary of the Company, the Vendor, the Vendor's Guarantor, and Great Wisdom entered into the Share Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase the Sale Share, which represent the entire issued share capital of the Target Company as at the date of Completion, in the Consideration of HKD90,000,000 from the Vendor. The Vendor's Guarantor has agreed to guarantee the due and punctual performance of the Vendor with its obligations under the Share Purchase Agreement.

The purpose of this circular is to provide you with, among others,

(i) the particulars of the Share Purchase Agreement and the transactions contemplated thereunder;

(ii) the letter from the Independent Board Committee to the Independent Shareholders;

(iii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders;

(iv) the Target Company Valuation Report as set out in Appendix I to this circular;

(v) the Property Valuation Report as set out in Appendix II to this circular;

(vi) other information required to be disclosed under the Listing Rules as set out in Appendix III to this circular; and

(vii) the notice of the EGM.

as well as to seek the approval from the Independent Shareholders in respect of the entering into of the Share Purchase Agreement and the transactions contemplated thereunder.

The major terms of the Share Purchase Agreement are summarised below:

THE SHARE PURCHASE AGREEMENT

Date

8 January 2019

Parties

(i) The Purchaser as purchaser;

(ii) The Vendor as vendor;

(iii) The Vendor's Guarantor as guarantor to the Vendor's obligations under the Share Purchase Agreement; and

(iii) Great Wisdom.

Assets to be acquired

The Sale Share which represents the entire issued share capital of the Target Company. The Target Company, through its subsidiary, namely Shanghai Lizu, holds, amongst others, the Property and facilities and equipment used for research and studies of biotechnologies in Shanghai, the PRC. Upon Completion, the Company will be able to own, amongst others, the Property and laboratories and facilities and equipment used for research and studies of biotechnologies through the acquisition of the Sale Share. The said laboratories and facilities and equipment are also suitable for the research and development of food additives business.

Information about the Target Company

The Target Company is a limited liability company incorporated in the BVI. 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 Group include the Property, facilities and equipment used for research and studies of biotechnologies. Each of the Target Company and Great Wisdom is an investment holding company. Shanghai Lizu is the only company in the Target Group with active business operation in the past. Shanghai Lizu was principally engaged in businesses of (i) research and development projects, among others, relating to bio-enzyme engineering technology, and (ii) health beverage products. None of the research and development projects reached the production stage and consequently all projects are suspended in 2018 due to difficulties in fund raising and rapid changes in market and technology. For the production of health beverage products, Shanghai Lizu met lukewarm market acceptance and fierce competition, and thus the production of the health beverage products had been shut-down in the second half of 2018. Currently, the assets are Shanghai Lizu are (i) the Property; and (ii) the facilities and equipment used for research and studies of biotechnologies. Given the facts that Shanghai Lizu is currently not in active operation, it does not have a large workforce. As of November 2018, Shanghai Lizu has a total of 11 employees, 9 of which are back-office employees at the finance department and human resource personnel department and some of them are senior management; the remaining 2 employees are operation officers, which include 1 purchase officer and 1 general manager for marketing and technology. Shanghai Lizu currently has no research and development personnel as all of them are laid-off or resigned.

Information about the Property

The Property is owned by Shanghai Lizu, a wholly-owned indirect subsidiary of the Target Company. The Property is located in Shanghai, the PRC at an industrial park named as "Caohejing Hi-Tech Park". The total gross floor area of the Property is 6,546.83 sq m. The land use rights of the Property have been granted for a term from 28 February 2007 to 27 February 2057 for industrial use.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is a summary of the consolidated unaudited financial information of the Target Group for the two years ended 31 December 2017 and 31 December 2018, respectively:

	For the year ended 31 December 2017	For the year ended 31 December 2018
	RMB '000	*RMB '000*
Net loss before taxation	5,744	15,528
Net loss after taxation	5,744	15,528

The net loss (both before and after taxation) of the Target Group increased significantly from approximately RMB5,744,000 for the year ended 31 December 2017 to approximately RMB15,528,000 for the year ended 31 December 2018. The main reason for the significant increase was due to unrealised gain and loss arising from the fluctuation of the exchange rate between RMB and HK$ during the year 2017 and 2018. An unrealised exchange loss of approximately RMB4,303,000 was recorded for the year ended 31 December 2018 primarily because the loans from a shareholder or related party of the Target Group were denominated in HK$, and the exchange rate of RMB was depreciated against HK$ during the year ended 31 December 2018, while an unrealised exchange gain of approximately RMB5,769,000 recorded for the year ended 31 December 2017 for the same loans when the exchange rate of RMB was appreciated against HK$ during the year ended 31 December 2017. Should we exclude those material non-cash items in both years, the adjusted net loss (before and after taxation) for the year ended 31 December 2017 and 2018 are approximately RMB11,513,000 and RMB11,225,000 respectively.

Consideration

The amount of the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and are on normal commercial terms, with reference to, among others, the valuation as stated in the Target Company Valuation Report based on the Asset/Cost Approach to determine the equity value of the Target Group. According to the Target Company Valuation Report, the fair value of the entire equity interest of the Target Company is RMB84,318,000 (approximately HKD96,122,520) as of 30 November 2018. The Consideration represents a discount of approximately 6.37% to the fair value of the entire equity interest of the Target Company under the abovementioned valuation. Given the fact that the Property represents a substantial asset value of the Target Company, the Company also considered the valuation as stated in the Property Valuation Report based on the Direct Comparison Approach. According to the Property Valuation Report, the market value of the Property is RMB79,200,000 (approximately HKD90,288,000) as of 30 November 2018.

In addition, the Company has also considered the future synergy and the expansion needs of the food additives business, costs saving, potential business opportunities and preservation of property value in long term, so as to come up with the amount of the Consideration. Please refer to the paragraph headed "Reasons and Benefits for the Acquisition" below for further details on the future synergy, costs saving and potential business opportunities of the Acquisition.

The Consideration for the Sale Share shall be HKD90,000,000 payable by the Purchaser or Great Wisdom (as the case maybe) to the Vendor (or its nominee) in the following manners:

1. as to HKD20,000,000, being the earnest money (the "**Earnest Money**") and the part payment towards the consideration for the Sale Share, is payable by Great Wisdom upon the execution of the Share Purchase Agreement;

    i. the Earnest Money was paid by the Purchaser to Great Wisdom following the execution of the MOU;

2. as to HKD25,000,000, being part of the refundable deposit (the "**Deposit**", the Earnest Money and the Deposit collectively "**Refundable Deposit**") and the part payment towards the consideration for the Sale Share, is payable by the Purchaser upon the execution of the Share Purchase Agreement; and

3. as to the remaining balance of HKD45,000,000, which shall be payable by the Purchaser upon Completion.

Reference is made to the announcement of the Company dated 2 November 2018. As disclosed in the announcement, the Purchaser and Great Wisdom entered into the MOU indicating the intention of the Purchaser and Great Wisdom to enter into the acquisition agreement in respect of the possible acquisition of 100% equity interest in Shanghai Lizu or assets of Shanghai Lizu during the exclusivity period. Upon further negotiation with the Vendor, the Vendor's Guarantor and Great Wisdom, it was agreed that the deal structure would be changed in a way that the Purchaser will acquire the entire issued share capital of the Target Company, the holding company of Great Wisdom, for the reasons that (i) it would be procedural burdensome to directly acquire the plants and equipment and the Property of Shanghai Lizu as it would involve the transfer and regulatory filings (if any) of the individual assets, and (ii) the transfer of equity interest of Shanghai Lizu would involve the transfer of registered capital of a PRC company which would involve a longer period for regulatory filings as compared to acquiring the share capital of a BVI company (i.e. the Target Company).

The reason why the Earnest Money is payable by Great Wisdom to the Vendor is that Great Wisdom is no longer the seller to the potential acquisition, thus it no longer has any legitimate interest to hold the Earnest Money upon the signing of the Share Purchase Agreement. For the purpose of business efficacy, the Earnest Money would be payable by Great Wisdom to the Vendor directly upon the signing of the Share Purchase Agreement, avoiding any unnecessary refunding of the Earnest Money to the Purchaser and transferring the same back to the Vendor.

The Company is intended to settle the Consideration by way of internal resources of the Group, which were derived from the net proceeds from the disposal of 25% equity interest in Rizhao Lanshan Wansheng Harbour Company Limited*（日照嵐山萬盛港業有限責任公司）(the "**Disposal**"). Please refer to the circular of the Company dated 25 June 2018 (the "**Circular**") for further details of the Disposal.

As disclosed in the announcement of the Company dated 8 November 2018, the Company reallocated HKD80,000,000 being the principal sum of the loan facility as provided by a subsidiary of the Group, of the proceeds derived from the Disposal from the finance lease business to the money lending business due to lack of feasible finance lease projects as a result of the unfavorable financial environment in the PRC. In light of the business potential arising from the Acquisition and the current unfavorable financial environment in the PRC, the Company will further reallocate HKD90,000,000 of the proceeds derived from the Disposal from the finance lease business to satisfy the Consideration of the Acquisition. Upon Completion, the Company is intended to utilize approximately HKD30,000,000 of the proceeds derived from the Disposal for further development of the Group's new business – manufacturing of food additives in the PRC and the usage of which is consistent with the paragraph headed "Use of Proceeds" in the section headed "Letter from the Board" in the Circular. Save and except disclosed above, there is no change on the intended use of proceed from the Disposal as at the Latest Practicable Date.

Conditions Precedent

Completion is conditional upon the fulfillment of a number of conditions, including but not limited to the following: –

1. having obtained the approval from the Independent Shareholders at the EGM in respect of the Share Purchase Agreement and the transactions contemplated thereunder;

2. the Purchaser having completed its due diligence investigation in respect of but without limitation to its financials, legal aspects, management and having completed the valuation of the Property, and the Purchaser being satisfied with the results of the due diligence investigation;

3. having obtained all the necessary approvals and consents for the sale and purchase of the Sale Share and all these approvals and consents remaining valid and subsisting;

4. no material adverse change on the operation of the Target Group;

5. nothing having happened that has caused or will cause or expect to cause any material adverse change to the Target Group prior to the Completion;

6. all the lenders of the Target Group having waived their repayment rights, if any, in respect of the debts owing to them, including but not limited to the debt in a sum of RMB5,000,000 owing by the Target Group to Tibet Jinyi Property Company Limited* (西藏金宜置業有限公司);

7. all the representations made by the Vendor in respect of the businesses, assets and other information of the Target Group remaining accurate and without errors; and

8. having obtained all permits and approvals in respect of the Target Group and its assets.

As at 30 November 2018, the total liabilities (excluding the Earnest Money) of the Target Group were in a total sum of RMB117,235,000, the breakdown of which is as follows:-

Lenders/creditors	*RMB '000 (approximately)*	**Actions taken or to be taken prior to Completion**
The Vendor's Guarantor	103,302	To be assigned to the Purchaser upon Completion
TY Technology Group Ltd (透雲科技集團公司)	8,894	To be assigned to the Purchaser upon Completion
Tibet Jinyi Property Company Limited* (西藏金宜置業有限公司)	5,000	This debt has been waived by Tibet Jinyi Property Company Limited* (西藏金宜置業有限公司) as at the Latest Practicable Date
Other business expenses and payables	39	To be repaid by the Target Group prior to the Completion

Notwithstanding the assignment of loans to the Purchaser upon Completion, no adjustment will be made to the Consideration.

The Purchaser may waive any Conditions Precedent save and except the conditions (1) and (3) above. If any of the Conditions Precedent is not fulfilled before the Long Stop Date, the Share Purchase Agreement shall lapse and be terminated. In any event, the Vendor shall refund the Refundable Deposit in full without interest to the Purchaser within 7 Business Days upon the termination of the Share Purchase Agreement.

Completion

Completion shall take place on the third Business Day after the fulfilment (or waiver, if applicable) of all the Conditions Precedent or such other date as the Purchaser may direct.

Upon Completion, the Target Company will become a subsidiary of the Company and accordingly its financial results will be consolidated into the accounts of the Group. As disclosed in the 2017 annual report of the Group, the Group recorded the loss for the year of approximately HK$35.8 million for the year ended 31 December 2017.

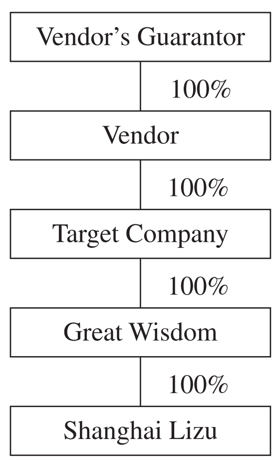
The Company is intended to settle the Consideration by way of internal resources of the Group which were derived from the net proceeds from the Disposal, the Board is of the view that the Acquisition will have no significant impact on cash level of the Group in term of liquidity as the abovementioned net proceeds from the Disposal will be sufficient to settle the Consideration and no further financing activities will be required for the settlement of the Consideration.

Taking into consideration that the net liabilities position of the Target Group will not affect the financial position of the Group upon the Completion due to the fact that (i) the Earnest Money of approximately RMB17.8 million received in advance will be offset upon the Completion; (ii) the loans from a shareholder and related party of approximately RMB112.2 million will be offset within the Group after the Completion; and (iii) the borrowing of RMB5 million will be waived as a Condition Precedent in the Share Purchase Agreement, the Board is of the view that there would be no material impact on the net asset value of the Group upon Completion.

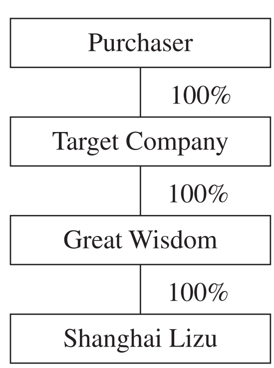
Structure of the Target Group

The following charts show the group structure of the Target Group (i) as at the Latest Practicable Date; and (ii) immediately after Completion:

As at the Latest Practicable Date:



Immediately after Completion:



INFORMATION OF THE VENDOR, VENDOR'S GUARANTOR AND GREAT WISDOM

The Vendor is an investment holding company incorporated in the BVI, the entire issued share capital of which is owned by the Vendor's Guarantor, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. Great Wisdom is an investment holding company incorporated in Hong Kong, the entire issued share capital of which is owned by the Target Company. Therefore, each of the Vendor's Guarantor, the Vendor, being a company wholly-owned by the Vendor's Guarantor, and Great Wisdom, being an indirect wholly-owned subsidiary of the Vendor, are associates of Mr. Wong Lik Ping as defined under the Listing Rules. To the best knowledge and belief upon all reasonable enquiries of the Directors, each of the issued share capital of the Vendor and Great Wisdom are ultimately and beneficially owned by Vendor's Guarantor.

INFORMATION OF THE COMPANY AND THE PURCHASER

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 is an indirect wholly-owned subsidiary of the Company and an investment holding company.

REASONS AND BENEFITS FOR THE ACQUISITION

The main reasons for the Group entering into the Acquisition is that (i) the Group would be able to set up a headquarters in Shanghai for its food additives business where the Property will provide for, and (ii) the equipment and laboratories located on the Property can be also used by the Group for the research and development of technologies relating to food additives business or other bio-technology or chemical synthesis related projects.

The Group is committed to seek business opportunities and intends to acquire high quality business and asset 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 Group was engaged in, among others, the wholesale of food additives and the research and studies and design of industrial biotechnology products together with, most importantly, its assets (namely the Property consisting of laboratories and the facilities and equipment used for research and studies of biotechnologies), the Board considers the Acquisition and the entering into of the Share Purchase 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.

During the year ended 31 December 2017, the Group expanded its business to the food additives business and the Group has established a food additives manufacturing center in Liaoning province at the PRC. With a view to further developing this business segment of the Company, the Company is intended to establish headquarters of the food additives business in Shanghai. The Directors believe that the following benefits could be achieved by the Acquisition:–

(i) the Property is located in Shanghai where the Company would be easier by comparison to the Liaoning province to recruit high caliber talents for the research and development of the food additives business;

(ii) the Property comprising 6,546.83 sq m where would provide the Company to have sufficient office space for research and development, exhibition, sales team and storage capacity;

(iii) the research and development department of the food additives business in Liaoning province will relocate to the Shanghai for reducing costs and expenses;

(iv) the Company can simplify the management of the food additives business where most of the departments are located at the same building in Shanghai;

(v) the Property is located near to the city center of Shanghai with potential investment value;

(vi) the Property provides existing equipment, facilities and laboratories for research and development of food additives business which will minimise the setting up costs and time; and

(vii) reducing rental expenses for the establishment of headquarters in the long run.

The Board takes the view that (i) the loss making position of the Target Group and (ii) the inactive operation of the Target Group would not affect the synergy effect with the Group's current food additives business. It is because the Group will not develop the health beverage business whereby substantially lower the operating costs of the Target Group upon Completion. However, the Group would be able to utilize the existing equipment and facilities of the Property for the research and development of the Group's food additives business. In addition, the certain current employees (mainly finance staff) of the Target Group would also stay after the Completion whereby saving time and costs for recruiting and building up new work force.

Although Shanghai Lizu is currently not in active operation and the Target Group recorded net losses for the two years preceding the Acquisition, the Board believes that the Acquisition will help further diversity the Group's existing business and will expand and create synergy effect with the Group's existing business. Upon Completion, the Group is intended to develop the existing food additives business together with the Target Group and the details of which are set out below:-

Current status of the Group's existing food additives business	**Development after the Acquisition** *(assuming the Completion will take place on or before 31 March 2019)*
A production line is in place in Liaoning's factory to produce Sorbitol（山梨糖醇）. It is expected that the Group will record revenue in the year 2019.	The marketing team of the food additives business of the Group will relocate to the Property and the sale of Sorbitol（山梨糖醇）will be marketed by the marketing team located at the Property.
Advantame（愛德萬甜）is at a later stage of development. It is expected that production of Advantame（愛德萬甜）will be commenced at the Liaoning's factory following all the licenses are granted by the relevant PRC regulatory authorities.	The marketing team of the food additives business of the Group will relocate to the Property and the sale of Advantame（愛德萬甜）will be marketed by the marketing team located at the Property.
The research and development of EPS* is currently in the third stage.	It is expected that the research and development of EPS* will be conducted at the laboratory of the Target Group.
The back end processing of nutrition supplements are expected to commence at the Liaoning factory in the second half of 2019.	The Group will build up another marketing team at Shanghai for marketing the nutrition supplements overseas.

* *EPS stands for Ethylidene-4-nitrophenyl-a-D-maltoheptaoside*

The Company will utilise HK$30 million to further develop the food additives business, of which HK$20 million will be allocated to (i) the research and development of Advantame（愛德萬甜）and EPS, and (ii) setting up production lines of Advantame（愛德萬甜）and EPS. The remaining HK$10 million will be allocated to the (i) working capital of the existing production line of Sorbitol（山梨糖醇）, (ii) setting up a production line of nutrition supplements, and (iii) for the general working capital of the food additives business. Save and expect disclosed above, the Company is not intended to make further capital commitment to the Target Group as at the Latest Practicable Date.

Upon Completion of the Acquisition and with the research capability and the marketing team at Shanghai, the Group is intended to conduct research and development of the following projects: -

Name	Description	Area
Cyclopentane dicarboximide	An intermediary of the diabetes medicine Gliclazide	Chemical synthesis
Albendazole	A kind of veterinary medicine in great market demand	Chemical synthesis
Indoxacarb	A kind of pesticide	Chemical synthesis
Galacto oligosaccharide, oligofructose	Dairy related products	Biotechnology
Lycopene	A kind of nutritional supplement	Biotechnology

The above development and research projects are not directly relevant to the existing food additives business. However, it is expected that the Group will have the necessary capabilities to bring more business opportunities and larger revenue bases following the successful implementation of the production line of the above products. The above development and research projects are at the preliminary stages which may or may not be proceeded by the Group, subject to the future market conditions, competition and internal resources of the Group. The primary focus of the Group will still be on the food additives business upon Completion, and will primarily utilise the Property for further expansion of food additives business.

LISTING RULES IMPLICATIONS

Each of the Vendor and Great Wisdom is a company, and the issued share capital of each of which is ultimately owned by the Vendor's Guarantor, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. The Vendor, Great Wisdom and the Vendor's Guarantor are associates of Mr. Wong Lik Ping as defined under the Listing Rules, and, thus, connected persons of the Company as defined thereunder. The transactions contemplated under the Share Purchase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules and are therefore subject to the notification, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Share Purchase Agreement are more than 5% but lower than 25%, the transactions contemplated under the Share Purchase Agreement also constitute discloseable transactions of the Company and are subject to the reporting and circular requirements under Chapter 14 of the Listing Rules.

The EGM will be convened for the Independent Shareholders to consider if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Share Purchase Agreement shall abstain from voting to approve the Share Purchase Agreement and the Acquisition at the EGM. As at the Latest Practicable Date, Mr. Wong Lik Ping, being a substantial Shareholder of the Company, holds approximately 16.12% of the issued share capital of the Company and, will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save for Mr. Wong Lik Ping, as at the Latest Practicable Date, to the best knowledge and belief upon all reasonable enquiries of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Share Purchase Agreement which is different from the other Shareholders.

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.

None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Share Purchase Agreement. The Independent Board Committee will form its view in respect of the terms of the Acquisition after obtaining and consideration the advice from the Independent Financial Adviser. Red Sun has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

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 Friday, 22 February 2019 at 11:00 a.m. or any adjournment thereof is set out on pages EGM-1 to EGM-2 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 Share Purchase Agreement and the transactions contemplated thereunder will be voted by way of a poll at the EGM.

RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular together with the advice of the Independent Financial Adviser) considers the terms of the Share Purchase Agreement and the transactions contemplated thereunder 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. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Purchase Agreement, and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Shareholders and potential investors of the Company should note that the Completion is subject to the fulfillment (or waiver, if applicable) of the Conditions Precedent, and the Completion may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the Shares.

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

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)

1 February 2019

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

We refer to the circular dated 1 February 2019 (the "**Circular**") issued by the Company to the Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

The Independent Board Committee has been formed to advise the Independent Shareholders as to whether, in its opinion, the terms of the Share Purchase Agreement are fair and reasonable, are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Share Purchase Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the section headed "Letter from the Board", as set out on pages 5 to 19 of the Circular and the text of a letter of advice from Red Sun, as set out on pages 22 to 43 of the Circular, both of which provide details of the Share Purchase Agreement and the transactions contemplated thereunder.

Having considered (i) the Share Purchase Agreement, (ii) the advice of the Independent Financial Adviser, (iii) the relevant information contained in section headed "Letter from the Board", (iv) the Target Company Valuation Report, and (v) the Property Valuation Report, we are of the opinion that the terms of the Acquisition under the Share Purchase Agreement are fair and reasonable, the Acquisition is on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,
For and on behalf of
The Independent Board Committee of
China Ever Grand Financial Leasing Group Co., Ltd.

Goh Choo Hwee	**Ho Hin Yip**	**U Keng Tin**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the full text of the letter of advice from the Red Sun Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition for inclusion in this circular.

红日资本有限公司
RED SUN CAPITAL LIMITED

1 February 2019

To: The Independent Board Committee and the Independent Shareholders of China Ever Grand Financial Leasing Group Co., Ltd.

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF THE TARGET COMPANY

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the terms of the Acquisition, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company to the Shareholders dated 1 February 2019 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Reference is made to the Letter from the Board, in relation to, among others, the Share Purchase Agreement in relation to the Acquisition. Pursuant to the Share Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Sale Share, at the consideration of HK$90,000,000, subject to and in accordance with the terms and conditions of the Share Purchase Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Each of the Vendor and Great Wisdom is a company, the issued share capital of which is ultimately owned by the Vendor's Guarantor, the son of Mr. Wong Lik Ping, an executive Director and a substantial Shareholder. The Vendor, Great Wisdom and the Vendor's Guarantor are associates of Mr. Wong Lik Ping as defined under the Listing Rules, and, thus, connected persons of the Company as defined thereunder. The transactions contemplated under the Share Purchase Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and are therefore subject to the notification and announcement, circular and Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the transactions contemplated under the Share Purchase Agreement are more than 5% but lower than 25%, the transactions contemplated under the Share Purchase Agreement also constitute a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of 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.

The EGM will be convened for the Independent Shareholders to consider if thought fit, to approve the Share Purchase Agreement and the transactions contemplated thereunder. Pursuant to 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Share Purchase Agreement shall abstain from voting to approve the Share Purchase Agreement and the Acquisition at the EGM. As at the Latest Practicable Date, Mr. Wong Lik Ping, being a substantial Shareholder of the Company, holds approximately 16.12% of the issued share capital of the Company and, will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save for Mr. Wong Lik Ping, as at the Latest Practicable Date, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Share Purchase Agreement which is different from the other Shareholders.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin, has been established to consider the terms of the Share Purchase Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the members of the Independent Board Committee has any interest or involvement in the transactions contemplated under the Share Purchase Agreement. We, Red Sun Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. In the previous two years, Red Sun Capital Limited has not acted as an independent financial adviser to the Independent Board Committee and the Independent Shareholders of the Company for any transaction.

Apart from normal professional fees paid or payable to us in connection with this appointment and the engagement as stated above as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant in assessing our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have enquired with and reviewed the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company (the "**Management**"). We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Company, the Directors and the Management (for which they are solely and wholly responsible), were true and accurate at the time they were made and continue to be so as at the Latest Practicable Date.

The Directors jointly and severally accept full responsibility for the accuracy of the statements, information and representations contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been reasonably arrived at after due and careful consideration and there are no other material facts not contained in the Circular the omission of which would make any statement in the Circular misleading. We consider that we have been provided with sufficient information in order to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion.

We have not, however, for the purpose of this exercise, conducted any independent verification, investigation or audit into the information provided by the Directors and the Management, business or affairs or future prospects of the Company, the Target Group, the Vendor and their respective shareholder(s) and subsidiaries or affiliates, and their respective history, experience and track records, or the prospects of the markets in which they respectively operate.

This letter is issued for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Acquisition and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Share Purchase Agreement, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

1.1. Background information of the Group

The shares of the Company are listed on the Main Board of the Stock Exchange. According to the annual report of the Company for the year ended 31 December 2017 (the "**Annual Report 2017**"), the Group is principally engaged in the provision of finance lease and related consulting services in the PRC, the trading of equity securities, investment in property, investment in terminal and logistics services business, investment holding, investment in food additives business and money lending business.

As set out in the Annual Report 2017, the trial run of the first production line of Sorbitol, a nutritive sweetener commonly used in sugarfree chewing gum and diet foods, was expected to take place in the second half of 2018. Its expected capacity could reach 4,000 ton per annum. The Group aimed to sell to the food manufacturers and traders in the PRC. The food additives segment was expected as an impetus to future revenue and profit growth of the Group. It is further discussed in the interim report of the Company for the six months ended 30 June 2018 (the "**Interim Report 2018**"), the necessary machineries, equipment and manpower for the first production line of 4,000 tonnage sorbitol for the food additives business have been nearly in place. It was expecting to commence trial production in the second half of 2018 after obtaining the production license. We understand, with reference to the Letter from the Board, a production line of Sorbitol is in place in Liaoning's factory and is expected to start generating revenue in 2019. After the Acquisition, a marketing team of the food additives business of the Group will relocate to the Property and the sale of Sorbitol will be marketed by the marketing team located at the Property.

1.2. Historical financial performance of the Group

The following table summarises the consolidated financial results of the Group for the two years ended 31 December 2017 as extracted from the Annual Report 2017, and the six months ended 30 June 2017 and 2018 as extracted from the Interim Report 2018.

Table 1: Consolidated statement of profit or loss and other comprehensive income of the Group

	For the year ended 31 December		For the six months ended 30 June	
	2017	**2016**	**2018**	**2017**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Continued operations				
Revenue	198,134	221,212	54,920	63,216
Cost of services	(166,866)	(148,720)	(40,943)	(47,982)
Gross profit	31,268	72,492	13,977	15,234
(Loss)/profit before taxation	(29,630)	96,844	6,369	894
Income tax expense	(6,059)	(17,651)	(1,688)	(1,475)
(Loss)/profit for the year/period from continued operations	(35,689)	79,193	4,681	(581)
Discontinued operations				
Loss for the year/period from discontinued operation	(114)	(27,365)	–	(114)
(Loss)/profit for the year/period	(35,803)	51,828	4,681	(695)
(Loss)/profit for the year/period attributable to:				
– Owners of the Company	(42,654)	29,813	2,197	(2,165)
– Non-controlling interests	6,851	22,015	2,484	1,470
	(35,803)	51,828	4,681	(695)

Financial performance for the year ended 31 December 2017

The revenue from continued operations of the Group decreased by approximately 10.4% from approximately HK$221.2 million for the year ended 31 December 2016 to approximately HK$198.1 million for the year ended 31 December 2017. The decrease in revenue was primarily attributable to the revenue derived from the financial leasing segment.

The gross profit from continued operations of the Group decreased by approximately 56.9% from approximately HK$72.5 million for the year ended 31 December 2016 to approximately HK$31.3 million for the year ended 31 December 2017. The decrease in gross profit was primarily attributable to the financial leasing business has contributed a segment loss of approximately HK$10.9 million for the year ended 31 December 2017 as compared with a segment profit of approximately HK$61.0 million for the year ended 31 December 2016. As discussed in the Annual Report 2017, we understand 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.

The administrative expenses of the Group decreased by approximately 24.3% from approximately HK$87.3 million for the year ended 31 December 2016 to approximately HK$66.1 million for the year ended 31 December 2017. The decrease was primarily due to reduction in staff cost as a result of less staff incentive expenses and reduction in staff number.

The investment division recorded a significant decline from segment profit of approximately HK$44.8 million for the year ended 31 December 2016 to segment loss of approximately HK$24.3 million for the year ended 31 December 2017. The segment performance was affected by an adverse change in the fair value of securities investments from an overall profit of approximately HK$38.0 million from the convertible bonds and the listed shares in 2016 to a loss of approximately HK$26.6 million from the listed shares in 2017.

As a result, the profit before taxation from continuing operations decreased from approximately HK$96.8 million for the year ended 31 December 2016 to loss before taxation from continuing operation of approximately HK$29.6 million for the year ended 31 December 2017. The profit after tax from continuing operations of the Group decreased from approximately HK$79.2 million for the year ended 31 December 2016 to loss for the year from continuing operations of approximately HK$35.7 million for the year ended 31 December 2017.

Financial performance for the six months ended 30 June 2018

The revenue from continued operations of the Group decreased by approximately 13.1% from approximately HK$63.2 million for the six months ended 30 June 2017 to approximately HK$54.9 million for the six months ended 30 June 2018. The decrease in revenue was primarily attributable to the revenue derived from the financial leasing segment.

The gross profit from continued operations of the Group decreased by approximately 7.9% from approximately HK$15.2 million for the six months ended 30 June 2017 to approximately HK$14.0 million for the six months ended 30 June 2018. The decrease in gross profit was generally in line with the decrease in revenue which was mainly attributable to decrease in number of finance lease transactions and aggregate finance lease volume as a result of the increasingly stringent regulatory environment in the China's financial market during the relevant period.

The Group's administrative expenses and other operating expenses for the six months ended 2018 amounted to approximately HK$26.5 million, down by HK$6.7 million. The decrease is primarily due to the decrease in staff cost in the Financial leasing business.

The investment division recorded an increase in share of result of a joint venture from the terminal and logistics services business for the six months ended 31 December 2018 amounted to HK$29.7 million as compared with HK$21.1 million for the six months ended 30 June 2017.

As a result, the profit before taxation from continuing operations increased from approximately HK$0.9 million for the six months ended 30 June 2017 to approximately HK$6.4 million for the six months ended 30 June 2018. The result from continuing operations of the Group increased from the loss for the period of approximately HK$0.7 million for the six months ended 30 June 2017 to profit for the period of approximately HK$4.7 million for the six months ended 30 June 2018.

1.3. Historical financial position of the Group

The following table summarises the consolidated financial position of the Group as at 31 December 2017 as extracted from the Annual Report 2017 and as at 30 June 2018 as extracted from the 2018 Interim Report.

	As at	
	30 June 2018	**31 December 2017**
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	25,371	26,157
Goodwill	72,373	72,373
Interest in a joint venture	850,562	831,236
Equity investments at fair value through other comprehensive income	48,085	–
Available-for-sale investments	–	77,096
Finance lease receivables	599,544	602,643
Loan receivables	5,926	24,014
Restricted bank deposits	21,227	21,505
Service income receivables and deposits	15,569	12,693
	1,638,657	1,667,717
Current assets		
Finance lease receivables	422,014	478,037
Loan receivables	178,666	101,022
Service income receivables, other receivables, deposits and prepayments	23,355	56,851
Investments at fair value through profit or loss	60,000	–
Held for trading investments	–	40,628
Deposits placed with non-bank financial institutions	7,603	143,288
Restricted bank deposits	39,648	40,167
Bank and cash balances	111,909	56,879
	843,195	916,872
Total assets	2,481,852	2,584,589

	As at 30 June 2018	As at 31 December 2017
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current liabilities		
Service cost payables, other payables and accruals	40,162	64,186
Deposits received from customers	35,448	35,094
Taxation payable	16,506	17,055
Borrowings	416,558	472,795
	508,674	589,130
Non-current liabilities		
Deposits received from customers	25,897	25,912
Borrowings	596,886	597,466
Deferred tax liabilities	17,363	17,673
	640,146	641,051
Total liabilities	1,148,820	1,230,181
Total equity		
Equity attributable to owners of the Company	1,191,039	1,204,447
Non-controlling interests	141,993	149,961
	1,333,032	1,354,408

Financial position as at 31 December 2017 and 30 June 2018

The non-current assets of the Group were remained stable at approximately HK$1,667.7 million as at 31 December 2017 and approximately HK$1,638.7 million as at 30 June 2018.

The current assets of the Group decreased by approximately 8.0% from approximately HK$916.9 million as at 31 December 2017 to approximately HK$843.2 million as at 30 June 2018 which was mainly due to the decrease in current portion of finance lease receivables.

The total assets of the Group were remained stable as at approximately HK$2,584.6 million as 31 December 2017 and approximately HK$2,481.9 million as at 30 June 2018.

The current liabilities of the Group decreased by approximately 13.7% from approximately HK$589.1 million as at 31 December 2017 to approximately HK$508.7 million as at 30 June 2018. The decrease was mainly attributable to a decrease in the current portion of borrowings.

The non-current liabilities of the Group were remained stable at approximately HK$641.1 million as at 31 December 2017 and approximately HK$640.1 million as at 30 June 2018.

The total liabilities of the Group decreased by 6.6% from approximately HK$1,230.2 million as at 31 December 2017 to approximately HK$1,148.8 million as at 30 June 2018.

As a result, the net assets attributable to the owners of the Company remained stable at approximately HK$1,204.4 million as at 31 December 2017 and approximately HK$1,191.0 million as at 30 June 2018.

2. Overview of macro-economy and food additives industry

2.1 Overview of macro-economy and risks

Food additives are artificial synthetic or natural substances added to food for the purpose of improving the colour, smell and taste of food, as well as for the needs of anti-corrosion and processing technology. According to the Food Additives Market – Growth, Trends, and Forecast (2019 – 2024), the food additives market growth is majorly dependent on the growth of food & beverage industry at global level. A rapidly rising population and greater levels of urbanization globally have boosted demand for processed food products, thus, driving the demand for food ingredients. Food additives manufacturers are seeing an increased demand from food manufacturers to preserve the freshness, safety, taste, appearance and texture of processed foods. Growing e-commerce industry in the food & groceries segment is also a major channel for retailers, and the complex food supply chain is driving food manufacturers to use effective levels of food additives. However, the several complexities are restricting the growth of food additives market. In many parts of the global market, the required additives are not reaching the food manufactures, as it is largely being wasted due to lack of handling, processing and packaging facilities.

The food additives market can also be affected by the global trade environment, including international import and export activities, which are in turn affected by the global economy. The anticipated withdrawal of the United Kingdom from the European Union, the potential implications of trade conflicts between the United States and the PRC still cause uncertainties to the global economy and could affect investor sentiment and preferences.

2.2 Overview of the food additives industry in China

According to China Food Additives Market – Growth, Trends and Forecasts (2017 – 2022) (the "**China Food Additives Market Study**"), the rising population of China & the increasing calorie intake per capita is leading to substantial increase in the global food production. China food additives market demand may exceed USD 10 billion by the end of 2024. Increase in demand for packaged food and beverages owing to busy and hectic schedules will further drive market growth. Growing urbanization and changing lifestyles are driving demand for convenience and packaged foods. Food additives in the packaged products helps in enhancing the shelf life along with maintaining freshness and flavor of the food. Notwithstanding the more stringent regulations on food safety, high growth in urbanization along with growing middle-class population as well as a rising public awareness and understanding of the importance of safe food additives usage will enhance the demand for packaged products and beverages in China. The packaged food industry recorded USD 2.46 trillion in retail sales for the year 2016 according to the China Food Additives Market Study. In the processed and packaged foods, ensuring food safety and quality starting from transportation to farm to fork and storage facilities is a major concern. To meet this demand, food additives are used. Food additives are used to enhance the taste, colour, texture of food, same time maintaining the freshness and nutritional content.

Furthermore, as economies rise and emerge, food demand will continue to shift towards China in the near future. The increasing disposable incomes of the burgeoning middle class is driving the shift towards convenience and processed foods, thus escalating the need for food, thereby need for food additives. Increasing exposure to packaged food and beverages majorly drives consumers. Growing urbanization of the rural population and rising organized market in rural segments of developing economies of China support this. One more major driver in the food additives market is the growing supply chain complexities/inefficiencies in the food and beverage industry – transportation costs, last mile reach for food products, storage facilities, as a part of companies' expansion strategies are growing, which is increasing the complexities in the farm to fork value chain. This emphasized on the use of food additives to reduce the spoilage and wastage costs. However, the restrain is in the slow urbanization rates in spite of an uptick in demand. Also, as many countries follow the standard regulatory approved additives, thus making the process complex to register to new additives by companies. This allows possibility for the China food additives market to continue its strong growth even under the effect of the uncertainties in the global economic environment.

3. Assets to be acquired

(a) Information about the Sale Share

The Sale Share which represents the entire issued share capital of the Target Company. The Target Company, through its subsidiary, namely Shanghai Lizu, holds, amongst others, the Property and facilities and equipment used for research and studies of biotechnologies in Shanghai, the PRC. Upon Completion, the Company will be able to own, amongst others, the Property and laboratories and facilities and equipment used for research and studies of biotechnologies through the acquisition of the Sale Share. The said laboratories and facilities and equipment are also suitable for the research and development of food additives business.

(b) Information about the Target Company

The Target Company is a limited liability company incorporated in the BVI. 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 Group include the Property, facilities and equipment used for research and studies of biotechnologies. Each of the Target Company and Great Wisdom is an investment holding company. Shanghai Lizu is the only company in the Target Group with active business operation in the past. Shanghai Lizu was principally engaged in businesses of (i) research and development projects, among others, relating to bio-enzyme engineering technology; and (ii) health beverage products. None of the research and development projects reached the production stage and consequently all projects are suspended in 2018 due to difficulties in fund raising and rapid changes in market and technology. For the production of health beverage products, Shanghai Lizu met lukewarm market acceptance and fierce competition, and thus the production of the health beverage products had been shut-down in the second half of 2018. Currently, the assets are Shanghai Lizu are (i) the Property; and (ii) the facilities and equipment used for research and studies of biotechnologies. Given the facts that Shanghai Lizu is currently not in active operation, it does not have a large workforce. As of November 2018, Shanghai Lizu has a total of 11 employees, 9 of which are back-office employees at the finance department and human resource personnel department and some of them are senior management; the remaining 2 employees are operation officers, which include 1 purchase officer and 1 general manager for marketing and technology. Shanghai Lizu currently has no research and development personnel as all of them are laid-off or resigned.

(c) Information about the Property

The Property is owned by Shanghai Lizu, a wholly-owned indirect subsidiary of the Target Company. The Property is located in Shanghai, the PRC at an industrial park named as "Caohejing Hi-Tech Park". The total gross floor area of the Property is 6,546.83 sq m. The land use rights of the Property have been granted for a term from 28 February 2007 to 27 February 2057 for industrial use.

4. Financial information of the Target Group

Set out below is the book value and the adjusted net assets value of the Target Company as of 30 November 2018 as set out in the Appendix I heading "Target Company Valuation Report":

	Book Value	Adjustments	Fair Value
	RMB'000	*RMB'000*	*RMB'000*
	(Unaudited)		
Assets			
Research facilities	1,763	1,037	2,800
Motors and vehicles	74	–	74
Office equipment	59	–	59
Property	57,859	21,341	79,200
Amount due from the ultimate holding company – earnest money	17,788	(17,788)	–
Prepayments and other receivables	125	–	125
Cash and bank balance	2,099	–	2,099
Total Assets	79,767	4,590	84,357
Liabilities			
Accrued expense and other payables	(39)	–	(39)
Earnest money received in advance	(17,788)	17,788	–
Loans from a shareholder and related party	(112,196)	112,196	–
Borrowing	(5,000)	5,000	–
Total Liabilities	(135,023)	134,984	(39)
Net assets/(liabilities)	(55,256)	139,574	84,318

5. The Share Purchase Agreement

5.1 Principal terms of the Share Purchase Agreement

Completion shall take place on the third Business Day after the fulfilment (or wavier, if applicable) of all the Conditions Precedent or such other date as the Purchaser may direct.

Upon Completion, the Target Company will become a subsidiary of the Company and accordingly its financial results will be consolidated into the accounts of the Group.

Details of the terms of and parties involved in the Share Purchase Agreement are set out in the Letter from the Board.

5.2 Reasons for and benefits of entering into the Share Purchase Agreement

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 is an indirect wholly-owned subsidiary of the Company and an investment holding company.

The main reasons for the Group entering into the Acquisition is that (i) the Group would be able to set up a headquarters in Shanghai for its food additives business where the Property will provide for, and (ii) the equipment and laboratories located on the Property can be also used by the Group for the research and development of technologies relating to food additives business or other bio-technology or chemical synthesis related projects.

As aforementioned, the Group is dedicated to expand its food additives business and is committed to seek business opportunities and intends to acquire high quality business and asset with good potential for expansion of the Group's business in order to diversify the Group's income stream and enhance Shareholders' value. As disclosed in the Letter from the Board, the Group is intended to develop the existing food additives business together with the Target Group by (i) relocating the current marketing team of the food additives business of the Group to the Property to market Sorbitol; (ii) conducting the research and development of Ethylidene-4-nitrophenyl-a-D-maltoheptaoside ("**EPS**") and Advantame and more prospective products namely cyclopentane dicarboximide, albendazole, indoxacarb, galacto oligosaccharide, oligofructose and lycopene at the laboratory of the Target Group; and (iii) building up another marketing team at Shanghai for marketing the nutrition supplements overseas. For details of the new products mentioned above, please refer to the Letter from the Board. We understand that the Company will utilize HK$30 million to further develop the food additives business, of which HK$20 million will be allocated to (i) the research and development of Advantame and EPS, and (ii) setting up production lines of Advantame and EPS. The remaining HK$10 million will be allocated to the (i) working capital of the existing production line of Sorbitol, (ii) setting up a production line of nutrition supplements, and (iii) for the general working capital of the food additives business. We further understand that save as disclosed above, the Company is not intended to make further capital commitment to the Target Group as at the Latest Practicable Date. 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, we concur with the Directors that the Acquisition and the entering into of the Share Purchase 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 by utilising the existing equipment and facilities of the Property for the research and development of the Group's food additives business and retaining certain current employees (mainly finance staff) of the Target Group after the Completion which would save time and costs for recruiting and building up new work force for future operation.

With the continuous increase in the regulation requirement and industry standard of the food additives industry, it is essential to develop and maintain a competitive research and development function to continuously seek for improvement on food additives products and also very critical to establish production lines with consistently high standard to ensure the quality of the food additives products. We noted that the Property (i) is located in an advanced city of Shanghai in the PRC which would allow the easy access to high caliber talents, new technologies and international exposure for the Group and (ii) contains sufficient spaces for research and development, exhibition, sales team and storage capacity which makes it a potential headquarters of the Group's food additives business. Therefore, we are of the view that the Acquisition would contribute positive impact for the Group to develop its food additives business in the future.

5.3 The Consideration

As disclosed in the Letter from the Board, the Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor and are on normal commercial terms, with reference to, among others, the valuation as stated in the Target Company Valuation Report based on the Asset/Cost Approach to determine the equity value of the Target Group. According to the Target Company Valuation Report, the fair value of the entire equity interest of the Target Company is RMB84,318,000 (approximately HKD96,122,520) as of 30 November 2018. The Consideration represents a discount of approximately 6.37% to the fair value of the entire equity interest of the Target Company under the abovementioned valuation. Given the fact that the Property represents a substantial asset value of the Target Company, the Company also considered the valuation as stated in the Property Valuation Report based on the Market Approach, which we concur to be a fair and reasonable valuation methodology in assessing the Property. According to the Property Valuation Report, the market value of the Property is RMB79,200,000 (approximately HKD90,288,000) as of 30 November 2018.

The Consideration will be financed by the internal resources of the Group. The Directors confirm that the Group has sufficient cash to settle the Consideration without affecting the ordinary operation of the Group.

In assessing the fairness and reasonableness of the Consideration, we have reviewed the valuation reports in respect of the Target Company and the Property as set out in Appendix I and Appendix II to the Circular, respectively. We have discussed with Knight Frank Appraisal and Knight Frank in respect of the valuation of the Target Company and the Property, respectively.

We have reviewed (i) the terms of the engagement letters of Knight Frank Appraisal and Knight Frank in performing the valuation of the Target Company and the Property, (ii) the independence of Knight Frank Appraisal and Knight Frank and (iii) the relevant qualifications and track record of Knight Frank Appraisal and Knight Frank in performing valuation across various industries. Upon our assessment on the scope of work, qualifications, experience and independency of Knight Frank Appraisal and Knight Frank, we noted that the scopes of work are appropriate to the opinion required to be given and we are not aware of any limitation on the scope of work which might have an adverse impact on the degree of assurance given by the valuation of the Target Company and the Property. During our reviews, we noted that the Target Company Valuation Report and the Property Valuation Report were based on various key assumptions, details of which are set out in Appendix I and Appendix II to the Circular respectively. Knight Frank Appraisal and Knight Frank advised that such assumptions are generally accepted valuation procedures.

As advised by Knight Frank Appraisal, the valuation analysis of the Target Company was carried out on a fair value basis which, according to Hong Kong Financial Reporting Standard, is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)". The valuation of the Target Company conducted in accordance with International Valuation Standards issued by the International Valuation Standards Council. Also, the valuation was performed so as to obtain all the information and explanations which Knight Frank Appraisal considered necessary in order to provide them sufficient evidence to express the opinion on the subject asset. All matters essential to the proper understanding of the valuation is disclosed in the valuation report. Knight Frank Appraisal is of the view and we concur that the opinion of value included in the valuation reports of the Target Company is impartial, independent, and unbiased.

Advised by Knight Frank Appraisal, it considered that the asset/cost approach is more appropriate for valuing the equity interest, among the asset/cost approach, market approach and income approach. Since Shanghai Lizu has not been actively operating and therefore it would be inappropriate to project financial performance solely for the purpose of valuation. Market approach is also inappropriate since there are insufficient relevant comparable companies or market transactions available in the market place. In this regard, Knight Frank Appraisal rely on the asset/cost approach in calculating the fair value of the Target Company.

As advised by Knight Frank, Knight Frank has valued the property interest No. 1 (Units 102, 103, 202, 203, 302, 303, 402 and 403, Block 6, No 188 Xinjunhuan Road, Minhang District, Shanghai, The PRC) by using ''Direct Comparison Approach'' whenever market comparable transactions are available and assumed sale of property interest with the benefit of vacant possession. The property interest No. 2 (Unit 202, No 170, 889 Nong, Jiangliu Road, Minhang District, Shanghai, the PRC) is a leased property and that the Target Company does not own the legal title of property interest No. 2. Accordingly, Knight Frank have attributed no commercial value to the property interest due to either the prohibition against assignment or sub-letting or the lack of substantial profit rents.

As per abovementioned, we concur with Knight Frank Appraisal and Knight Frank that the current approach is considered the most appropriate method in assessing the market value of the Target Company and the Property.

The Consideration represents a discount of approximately 6.37% to the fair value of the entire equity interest of the Target Company under the abovementioned valuation. According to the Property Valuation Report, the market value of the Property is RMB79,200,000 (approximately HKD90,288,000) as of 30 November 2018.

Taking into consideration of the fact that that (i) the Consideration was arrived after arm's length negotiation and (ii) the Consideration represented a discount over the total appraised market value of the Target Company and the Property, we are of the view that the Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

5.4 Alternative targets for acquisition

We have reviewed the market research results from the Company and noted that there is not available complex that is identical to the Property and can be directly compared to the Property as most of the offices are dispersed in units in the area. Accordingly, we have compared the price per square meter of office units with smaller gross floor area in the area with that of the Property at the Consideration price and noted that the price per square meter of the Property at the Consideration price is lower than the market price while those offices are significantly smaller. We therefore concur with the Directors that the Target Company are considered more favourable option in the area and are of the view that the Consideration is fair and reasonable.

In light of all the factors discussed above, we are of the view that (i) the Acquisition would provide an opportunity for the Company to acquire and develop a self-owned integrated complex as the headquarters for the Group's food additives business; (ii) the Acquisition would consolidate all offices and research laboratories in a single build and save up substantial time and investment throughout the research phase to eventually the marketing phase; (iii) the Consideration was arrived at arm's length negotiation at a discount to the fair value of the Target Company and the Property; (iv) the operation of the Group will not be affected by the settlement of the Consideration; and (v) the Target Company and the Property are considered a more favourable option as the headquarters for the development of the food additives business. In addition to the presence of Vendor's Guarantor to guarantee the due and punctual performance of the Vendor with its obligations under the Share Purchase Agreement, we consider the Acquisition, although it constitutes only a minimal part of the Group's business, is in the ordinary cause of the Group's business, the Consideration determined through arm's length negotiations between the Vendor and the Purchaser is on normal commercial terms, fair and reasonable, and is favourable to the Group and the Shareholders. As a result, we are of the view that the Acquisition is in the interests to the Group and the Shareholders as a whole.

6. Financial Effects of the Transaction

Set out below are the financial effects of the Acquisition on the Group:

6.1 Accounting treatment upon Completion of the Agreement

Upon Completion, the Target Company will become a subsidiary of the Company and the results and assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Group.

6.2 Bank balances and cash

As disclosed in the 2018 Interim Report, the Group recorded the bank balances and cash for the year of approximately HK$111.9 million as at 30 June 2018. According to the Letter from the Board, the Company is intended to settle the Consideration by way of internal resources of the Group which were derived from the net proceeds from the Disposal, we are of the view that the Acquisition will have no significant impact on cash level of the Group in term of liquidity as the abovementioned net proceeds from the Disposal will be sufficient to settle the Consideration and no further financing activities will be required for the settlement of the Consideration.

6.3 Net asset value ("NAV")

Taking into consideration that the net liabilities of the Target Group will not affect the Group's financial position upon the Completion due to the fact that (i) the Earnest Money of approximately RMB17.8 million received in advance will be offset upon the Completion; (ii) the loans from a shareholder and related party of approximately RMB112.2 million will be offset within the Group after the Completion; and (iii) the borrowing of RMB5 million will be waived as a Condition Precedent in the Share Purchase Agreement. In conclusion, the Acquisition will not have material impact on the NAV of the Group upon Completion.

RECOMMENDATION

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have considered the above principal factors and reasons, in particular, the following:

(i) the Acquisition would provide an opportunity for the Company to acquire and develop a self-owned integrated complex as the headquarters for the Group's food additives business;

(ii) the Acquisition would consolidate all offices, and research laboratories in a single build and save up substantial time and investment throughout the research phase eventually the marketing phase;

(iii) the Consideration was arrived at arm's length negotiation at a discount to the fair value of the Target Company and the Property; and

(iv) the operation of the Group will not be affected by the settlement of the Consideration.

Having considered the aforementioned factors and reasons, we are of the opinion that the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable so far as the Group and the Independent Shareholders are concerned, on normal commercial terms and in the interests of the Group and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend, and we recommend, the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Share Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Red Sun Capital Limited
Robert Siu
Managing Director

Mr. Robert Siu is a licensed person registered with the Securities and Futures Commission of Hong Kong and Responsible Officer of Red Sun Capital Limited to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and has over 21 years of experience in corporate finance industry.

The following is the text of the Target Company Valuation Report, prepared for the purpose of incorporation in this circular received from Knight Frank Appraisal, in connection with its valuation as at 30 November 2018 of the entire issued share capital of Quantum Power Limited and its subsidiaries.

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The Directors
China Ever Grand Financial Leasing Group Co., Ltd.
Room 2203, 22/F Kwan Chart Tower,
6 Tonnochy Road, Wanchai
Hong Kong

1 February 2019

Dear Sirs,

VALUATION OF 100% EQUITY INTEREST IN QUANTUM POWER LIMITED AND ITS SUBSIDIARIES

In accordance with your instructions, we have undertaken a valuation on behalf of China Ever Grand Financial Leasing Group Co., Ltd. ("**China Ever Grand**" or the "**Client**") to determine the fair value of 100% equity interest of Quantum Power Limited and its subsidiaries (together referred to as "**Quantum Power**" or the "**Target Company**") as of 30 November 2018 (the "**Valuation Date**") in relation to the acquisition of the Target Company ("**Acquisition**").

The valuation will be used as reference on the circular dated 1 February 2019 (the "**Circular**") in regard to the Acquisition. The valuation and findings in this report will be used for the abovementioned purpose only.

BASIS OF VALUATION

Our valuation analysis was carried out on a fair value basis which, according to Hong Kong Financial Reporting Standard, is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price)."

We have conducted our valuation in accordance with International Valuation Standards issued by the International Valuation Standards Council. Our valuation was performed so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. All matters essential to the proper understanding of the valuation are disclosed in the valuation report. Opinion of value included in the valuation report is impartial, independent, and unbiased.

SOURCES OF INFORMATION

Our valuation analysis is based on our discussion with the management of the Client during the course of our engagement and we have considered, reviewed and relied on the information provided and the publicly available sources. Major sources of information include the following:

- Company announcement relating to the memorandum of understanding in relation to the acquisition and connected transaction in relation to payment of earnest money dated 2 November 2018;
- Consolidated financial statements of the Target Company for the 11 months ended 30 November 2018 ("**Management Accounts**");
- The valuation result regarding the properties as of 30 November 2018 as conducted independently by Knight Frank Petty Limited ("**Property Valuation**");
- Corporate structure of the Target Company.
- Share Purchase Agreement

COMPANY BACKGROUND

We understand from the management of the Client that High Grace Holdings Limited (the "**Purchaser**"), an indirectly wholly-owned subsidiary of the Client, and Ocean Edge Investments Limited (the "**Ocean Edge**"), the ultimate holding company of the Target Company, entered into the Share Purchase Agreement.

Quantum Power Limited is incorporated in the British Virgin Islands and is an investment holding company which indirectly holds 100% equity interest in 上海立足生物科技有限公司 ("**Shanghai Lizu**").

Shanghai Lizu 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. We understand from the management of the Client that, as of the Valuation Date, Shanghai Lizu has not been actively operating and the major assets owned by Shanghai Lizu include properties located in Shanghai, the PRC, facilities and equipment used for research and studies of biotechnology.

We understand from the management of the Client that an amount of HK$50 million of the registered capital of Shanghai Lizu has not been paid and it is intended to reduce the registered capital of Shanghai Lizu to HK$125 million. After seeking advice from the PRC legal adviser to the Client, the Client takes the view that the reduction of registered capital is primarily an administrative procedure in the PRC and will not have any material impact on the financials on the Target Company.

China Ever Grand, a company incorporated in the Cayman Islands whose shares are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited. The principal business of the China Ever Grand and its subsidiaries 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.

VALUATION APPROACHES

The value of an asset, business or business interest can be conducted by one or more of the three generally accepted valuation approaches: asset/cost approach, market approach and income approach.

Asset/Cost Approach

A general way of estimating the value of a business and/or equity interest using methods based on the market value of individual business assets less liabilities. It is founded on the principle of substitution, i.e. an asset is worth no more than it would cost to replace all of its constituent parts.

Market Approach

A general way of estimating a value indication of an asset, the Market Approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised asset relative to market comparables. For the Market Approach to be used, a sufficient number of comparable companies to make comparisons must be available, with the industry composition must be such that meaningful comparisons can be made.

Income Approach

This approach focuses on the economic benefits generated by the income producing capability of an enterprise. The underlying theory of this approach is that the value of an enterprise can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Among the three approaches, we consider that the Asset/Cost Approach is more appropriate for valuing the Target Company. Since Shanghai Lizu has not been actively operating and therefore it would be inappropriate to project financial performance solely for the purpose of valuation. Market Approach is also inappropriate since there are insufficient relevant comparable companies or market transactions available in the marketplace. In this regard, we rely on the Asset/Cost Approach in calculating the fair value of the Target Company.

GENERAL ASSUMPTIONS

Notwithstanding the incorporation of foreseeable changes in our valuation, a number of assumptions have been made in our valuation analysis and in the preparation of the reported assessed figures. The assumptions are:

- There will be no major changes in existing political, legal, fiscal or economic conditions in the country or district where the business is in operation;

- There will be no major changes in the current taxation law in the areas in which the Target Company conducting its operation, including the rate of tax payable and all applicable laws and regulations remains unchanged;

- The inflation, interest rates and currency exchange rate will not differ materially from those presently prevailing;

- There will be no major business disruptions through international crisis, diseases, industrial disputes, industrial accidents or severe weather conditions that will affect the existing business;

- The Target Company will remain free from claims and litigation against the business or their customers that will have a material impact on value;

- The Target Company is unaffected by any statutory notice and that operation of the Target Company gives, or will give, no rise to a contravention of any statutory requirements;

- The Target Company is not subject to any unusual or onerous restrictions or encumbrances; and

- The potential bad debt arising from the operation of the Target Company, if any, will not materially affect the business operations.

VALUATION METHODOLOGIES

In this valuation exercise, we utilize the adjusted net assets method under the Asset/Cost approach to determine the equity value of the Target Company. Under this method, we start with the reported book value of assets and liabilities and then adjust the book value of individual assets and liabilities, where necessary, to fair value.

Major Assumptions

According to the Management Accounts of the Target Company as of the Valuation Date, total assets and total liabilities of the Target Company were amounted to RMB79,767,000 and RMB135,023,000 respectively. Net liabilities were amounted to RMB55,256,000. The following adjustments have been made:

Facilities and Equipment

According to the Management Accounts of the Target Company as of the Valuation Date, facilities and equipment used for research and studies of biotechnology ("**Equipment**") were amounted to RMB1,763,000, representing approximately 2.2% of the total assets.

In determining the fair value of the Equipment, we rely on the Cost Approach, which is based on the current cost to recreate or duplicate the asset less an appropriate allowance for depreciation from all causes – physical, functional and economic. For the high-value items, we have also collected market information to ensure the fair value reached via the Cost Approach is in-line with the market value.

Based on the valuation, we have adopted the estimated market value of RMB2,800,000 (rounded) as the adjusted value for the Equipment.

Properties

According to the Management Accounts of the Target Company as of the Valuation Date, the properties were amounted to RMB57,859,000, representing approximately 72.5% of the total assets. We have made reference to the Property Valuation and we have adopted the estimated market value of RMB79,200,000 as the adjusted value for the properties. The major valuation assumptions relating to this item can be found in Property Valuation.

Liabilities

According to the Management Accounts of the Target Company as of the Valuation Date, total borrowings were amounted to RMB117,196,000, representing 86.8% of total liabilities of the Target Company. We understand from the management of the Client that the said borrowings will be transferred out of the Target Company or assigned to the Purchaser upon completion of the acquisition and therefore the borrowings were not included in this valuation task.

Earnest Money

The earnest money amounted to HK$20,000,000 (equivalent to RMB17,788,000) represents the deposit received by Great Wisdom Technology Limited ("**Great Wisdom**"), the subsidiary of the Target Company and the proceed of which was then transferred to Ocean Edge. We understand from the management of the Client that, upon signing of the sales and purchase agreement, the vendor was changed from Great Wisdom to Ocean Edge and these two same but opposite balances would be offset. In this regard, we have made adjustment to this said earnest money in this valuation task.

Value of Other Assets and Liabilities

Save as the above items, we have not made any adjustment to other assets and liabilities.

EQUITY VALUE OF THE TARGET COMPANY

The book value and the adjusted net assets value of the Target Company as of 30 November 2018 was illustrated as follows:

	Book Value	**Adjustments**	**Fair Value**
	(Rmb'000)		*(Rmb'000)*
Assets			
Research facilities	1,763	1,037	2,800
Motors and vehicles	74	–	74
Office equipment	59	–	59
Property	57,859	21,341	79,200
Amount due from the ultimate holding company – earnest money	17,788	(17,788)	–
Prepayments and other receivables	125	–	125
Cash and bank balance	2,099	–	2,099
Total Assets	79,767	4,590	84,357
Liabilities			
Accrued expense and other payables	(39)	–	(39)
Earnest money received in advance	(17,788)	17,788	–
Loans from a shareholder and related party	(112,196)	112,196	–
Borrowing	(5,000)	5,000	–
Total liabilities	(135,023)	134,984	(39)
Net assets/(liabilities)	(55,256)	139,574	84,318

LIMITING CONDITIONS

- The conclusion of value arrived at herein is valid only for the stated purpose as of the date of the valuation.

- As part of our analysis, we have reviewed financial and business information from public sources together with such financial information, client representation, project documentation and other pertinent data concerning the project made available to us during the course of our valuation. We have assumed the accuracy of, and have relied on the information and client representations provided in arriving at our opinion of value.

- We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial statements give a true and fair view and have been prepared in accordance with the relevant companies' ordinance.

- Knight Frank Asset Appraisal Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this valuation and with reference to the project described herein unless prior arrangements have been made.

- No opinion is intended to be expressed for matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers.

- Our conclusions assume continuation of prudent client policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.

- We assume that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the date of this report.

- This valuation report has been prepared solely as reference on the Circular only.

- This report is confidential to the client for the specific purpose to which it refers. In accordance with our standard practice, we must state that this valuation report is only for the purpose of the party to whom it is addressed and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

OPINION OF VALUE

Based on our analysis, it is our opinion that as of the Valuation Date, the fair value of 100% equity interest of the Target Company is reasonably represented in the amount of **RENMINBI EIGHTY FOUR MILLION THREE HUNDRED EIGHTEEN THOUSAND ONLY (RMB84,318,000)**.

Yours faithfully
For and on behalf of
Knight Frank Asset Appraisal Limited

Andrew C L Chan *CFA FRM MBA*
Associate Director
Corporate Valuation & Advisory

Clement W M Leung *MFin MCIREA MHKIS MRICS RPS (GP)*
Executive Director
Head of China Valuation & Advisory

Notes:

1. Clement W M Leung *MFin MCIREA MHKIS MRICS RPS(GP)*, is a qualified valuer and has about 22 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific region and has 20 years' experience in the valuation of properties in the People's Republic of China.

2. Andrew C L Chan *CFA FRM MBA* has over 20 years' experience in corporate valuation, investment and financial analysis and has been participating in various valuation projects in the People's Republic of China, Hong Kong and Singapore.

The following is the text of the Property Valuation Report, prepared for the purpose of incorporation in this circular received from Knight Frank, in connection with its valuation as at 30 November 2018 of the Property.

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China Ever Grand Financial Leasing Group Co., Ltd.
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Hong Kong

1 February 2019

Dear Sirs

VALUATION OF TWO PROPERTY INTERESTS IN SHANGHAI IN THE PEOPLE'S REPUBLIC OF CHINA

In accordance with the instructions from China Ever Grand Financial Leasing Group Co., Ltd. (the "**Company**") for us to value the captioned property interests 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 values of the property interests as at 30 November 2018.

BASIS OF VALUATION

Our valuation is our opinion of the market values of the property interests which we would define as "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 and where 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 an asset or liability is also estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

VALUATION METHODOLOGY

We have valued the property interest No. 1 by using "Market Approach" (also known as "Direct Comparison Approach") whenever market comparable transactions are available and assumed sale of property interest with the benefit of vacant possession.

In valuing the property interest No. 2 which is a leased property and the Target Company does not own the legal title of property interest No.2, we have attributed no commercial value to the property interest due to either the prohibition against assignment or sub-letting or the lack of substantial profit rents.

TITLE DOCUMENTS AND ENCUMBRANCES

We have been provided by the Company with extracts of title documents relating to the property interests in the PRC. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us by the Company. In the course of our valuation, we have relied on the information given by the Company and its PRC legal adviser regarding the title and other legal matters relating to the properties in the PRC.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in affecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

SOURCE OF INFORMATION

We have relied to a considerable extent on the information given by the Company and the legal opinion of the Company's PRC legal adviser. We have no reason to doubt the truth and accuracy of the information provided to us by the Company and/or its PRC legal adviser which is material to the valuation. We have accepted advice given by the Company on such matters as planning approvals or statutory notices, tenure, completion date of buildings, particulars of occupancy, lease contract, sites and floor areas. Dimension, measurements and areas included in the valuation report attached are based on information provided to us and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of sites and floor areas of the properties. We have exercised our due diligence in verifying the provided sites and floor areas by checking against the relevant documents provided. We were also advised by the Company that no material facts have been omitted from the information provided.

INSPECTION AND STRUCTURAL CONDITION

We have inspected the properties. The inspections were carried out by our Ms Moira Zhou and Ms Charlotte Jiang in December 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 properties are free from rot, infestation or any other structural defects, nor were any tests carried out to 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 properties, identified by the property addresses in your instructions, is the properties inspected by us and contained within our valuation report. If there is ambiguity as to the property addresses, or the extent of the properties to be valued, this should be drawn to our attention in your instructions 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 properties are 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 properties have 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 properties upon which this report are based, any and all required licences, permits, certificates, consents, approvals and authorisation have been obtained, except only where otherwise stated.

REMARKS

In our valuation, Knight Frank has prepared the valuation based on information and data available to us as at the valuation date. It must be recognised that the real estate market is subject to market fluctuations, while changes in policy direction and social environment could be immediate and have sweeping impact on the real estate market. It should therefore be noted that any market violation, policy and social changes or other unexpected incidents after the valuation date may affect the values of the properties.

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

CURRENCY

Unless otherwise stated, all sums stated in our valuation report are in Renminbi.

Our summary of values and valuation report are 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

Note: Clement W M Leung *MFin MCIREA MHKIS MRICS RPS(GP)*, is a qualified valuer and has about 22 years' experience in the valuation of properties in Hong Kong, Macau and Asia Pacific region and has 20 years' experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

	Property	Market value in existing state as at 30 November 2018
1.	Units 102, 103, 202, 203, 302, 303, 402 and 403, Block 6 No 188 Xinjunhuan Road Minhang District, Shanghai The PRC	RMB79,200,000
2.	Unit 202, No 170, 889 Nong, Jiangliu Road Minhang District, Shanghai The PRC	No Commercial Value

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2018
1.	Units 102, 103, 202, 203, 302, 303, 402 and 403, Block 6 No 188 Xinjunhuan Road Minhang District Shanghai The PRC	The property is located within an industrial park named as "Caohejing Hi-Tech Park", erected on a parcel of land with a site area of 86,518 sq m. The property comprises eight industrial units of a 4-storey industrial building, Block 6 of the industrial park, completed in about 2007. The total gross floor area of the property is 6,546.83 sq m and the area breakdown is listed as follows:	According to our site inspection, the property was occupied as office, research and storage uses.	RMB79,200,000 (RENMINBI SEVENTY NINE MILLION AND TWO HUNDRED THOUSAND ONLY)

Unit	Gross Floor Area *sq m*
102	849.29
103	723.66
202	889.29
203	768.67
302	889.29
303	768.67
402	889.29
403	768.67
Total:	6,546.83

The land use rights of the property have been granted for a term from 28 February 2007 to 27 February 2057 for industrial use.

Notes:

1. Pursuant to the Business Licence with Unified Social Credit No 913100000944193387 dated 20 December 2016, 上海立足生物科技有限公司 was established with a registered capital of HK$175,000,000 and operation period from 6 May 2014 to 5 May 2044.

2. Pursuant to eight Shanghai Certificates of Real Estate Ownership all issued by the Shanghai Planning, Land and Resources Administration Bureau in 2016, the title to the property with a total gross floor area of 6,546.83 sq m is held by 上海立足生物科技有限公司 for industrial use. The details of which are listed as follows:

Certificate No		Unit	Use	Gross Floor Area
1.	Hu Fang Di Min Zi (2016) Di 037927	102	Industrial	849.29 sq m
2.	Hu Fang Di Min Zi (2016) Di 036173	103	Industrial	723.66 sq m
3.	Hu Fang Di Min Zi (2016) Di 015987	202	Industrial	889.29 sq m
4.	Hu Fang Di Min Zi (2016) Di 029825	203	Industrial	768.67 sq m
5.	Hu Fang Di Min Zi (2016) Di 002533	302	Industrial	889.29 sq m
6.	Hu Fang Di Min Zi (2016) Di 037904	303	Industrial	768.67 sq m
7.	Hu Fang Di Min Zi (2016) Di 037908	402	Industrial	889.29 sq m
8.	Hu Fang Di Min Zi (2016) Di 037928	403	Industrial	768.67 sq m
			Total:	6,546.83 sq m

3. We have been provided with the Company's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) 上海立足生物科技有限公司 has been legally established;

   (ii) An amount of HK$50,000,000 of the registered capital of 上海立足生物科技有限公司 has not yet been paid. As advised by the Company, the registered capital of 上海立足生物科技有限公司 will be reduced to HK$125,000,000 according to relevant laws and regulations. After seeking advice from the PRC legal adviser to the Company, the Company takes the view that the reduction of the registered capital is primarily an administrative procedure in the PRC and it will not have any material impact on the financials on the Target Group;

   (iii) 上海立足生物科技有限公司 legally owns the property;

   (iv) 上海立足生物科技有限公司 can occupy, use, lease, transfer or handle in other ways of the property according to the relevant laws and regulations; and

   (v) the property has no mortgage and other encumbrances.

	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 30 November 2018
2.	Unit 202 No 170, 889 Nong Jiangliu Road Minhang District Shanghai The PRC	The property comprises a residential unit of an 8-storey residential building with a gross floor area of 138.31 sq m completed in about 2014. The property is leased to the Company for term as detailed in the noted below.	As advised, the property is for dormitory use.	No Commercial Value

Notes:

1. According to the lease contract entered into between 尚恆 ("**Party A**") and 上海立足生物科技有限公司 ("**Party B**") on 21 March 2018, Party A agreed to lease the property with a gross floor area of 138.31 sq m to Party B from 1 March 2018 to 28 February 2019 at a monthly rental of RMB8,000.

2. We have been provided with the Company's PRC legal adviser's opinion, which inter-alia, contains the following:

   (i) The lease contract is legal, valid and enforceable.

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 enquires, 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 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**	**Number of underlying shares held under equity derivatives** *(Note 2)*	**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%
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%
Gob 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) 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 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

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 15 May 2018 entered into between Upmove International Limited (the "**Upmove International**") a wholly-owned subsidiary of the Company, as vendor and 日照港股份有限公司 (Rizhao Port Company Limited*) (the "**Rizhao Port**") 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 "**Rizhao Lanshan**") for a consideration of RMB294 million;

(b) an unconditional undertaking dated 15 May 2018 given by the Upmove International to grant the call option to Rizhao Port, pursuant to which the Rizhao Port is entitled to acquire the remaining 25% equity interest in the Rizhao Lanshan at a consideration of RMB294 million;

(c) a loan agreement dated 8 November 2018 entered into between TF Advances Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company and the borrowers of (1) a third party which is independent of and not connected with the Company and its connected persons (the "**First Borrower**"); and (2) a company incorporated in the British Virgin Islands with limited liability and 100% owned by the First Borrower in relation to the provision of the loan facility in principal amount not exceeding HKD80,000,000;

(d) the MOU; and

(e) the Share Purchase 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
Knight Frank Appraisal	Independent Professional Valuer
Knight Frank	Independent Professional Valuer
Red Sun	A corporation licensed under the SFO to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance)

As at the Latest Practicable Date, Knight Frank Appraisal, Knight Frank and Red Sun 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, Knight Frank Appraisal, Knight Frank and Red Sun 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, Knight Frank Appraisal, Knight Frank and Red Sun 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. MATERIAL ADVERSE CHANGE

The Directors have confirmed that save and except for the Disposal 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.

10. 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.

11. 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 date of this circular up to and including the date of the EGM:

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

(b) the advice letter from Red Sun, the text of which is set out in this circular;

(c) the Target Company Valuation Report, the text of which is set out in appendix I to this circular;

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

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

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

(g) the Circular; and

(h) this circular.

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 Friday, 22 February 2019 at 11:00 a.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 share purchase agreement (the "**Share Purchase Agreement**") dated 8 January 2019 entered into between High Grace Holdings Limited (高優集團有限公司), (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company, Ocean Edge Investments Limited (泓海投資有限公司), (the "**Vendor**"), Mr. Wang Liang (the "**Vendor's Guarantor**") and Great Wisdom Technology Limited (偉智科技有限公司) pursuant to which (i) the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire equity interest in Quantum Power Limited (勁力有限公司), at a total consideration of HKD90,000,000; and (ii) the Vendor's Guarantor agreed to guarantee the due and punctual performance of the Vendor with its obligations under the Share Purchase Agreement, and a copy of which having been produced to this meeting and marked "A" and initialed by the chairman of this meeting for the purposes of identification) and the transactions contemplated thereby be and are hereby approved, confirmed and ratified; and

(b) Any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents, and to take all such steps which in their opinion may be necessary, appropriate, desirable or expedient for the purpose of giving effect to the Share Purchase Agreement and completing the transactions contemplated thereby."

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

Hong Kong, 1 February 2019

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.