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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

INTRODUCTION

The Board announces that on 30 December 2019 (after trading hours), the Subscriber (a wholly-owned subsidiary of the Company) entered into the Subscription Agreement with the Target Company to subscribe for 8,000,000 Subscription Shares at the subscription price of HK\$5.00 per Subscription Share. The Consideration for the Subscription will be HK\$40,000,000. Upon Completion, the Subscriber will hold approximately 7.46% of the enlarged (as enlarged by the Subscription) share capital of the Target Company. The financial results of the Target Company will not be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

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Upon Completion, the Subscriber will hold approximately 7.46% of the enlarged (as enlarged by the Subscription) share capital of the Target Company.

THE SUBSCRIPTION AGREEMENT

Date

30 December 2019 (after trading hours)

Parties

- (1) the Subscriber; and
- (2) the Target Company: Simagi Finance Company Limited, a company incorporated in Hong Kong.

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Target Company and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject Matter

Pursuant to the Subscription Agreement, the Target Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe 8,000,000 Subscription Shares of the Target Company at the subscription price of HK\$5.00 per Subscription Share, hence the aggregate Consideration of HK\$40,000,000. The Subscription Shares represent approximately 7.46% of the enlarged (as enlarged by the Subscription) share capital of the Target Company.

Consideration

The Consideration will be HK\$40,000,000. The price of the Subscription Share and the aggregate Consideration were determined and agreed between the parties to the Subscription Agreement after arm's length negotiations taking into account the net asset value and the financial performance and position of the Target Company.

After fulfillment of the conditions precedent, the Company shall pay the Consideration, being HK\$40,000,000 in cash to the Target Company upon Completion.

The Consideration will be satisfied by the Group's internal resources.

CONDITIONS PRECEDENT

The Completion is conditional upon:

- (a) the Subscriber having conducted and completed due diligence on all business, assets and liabilities, legal and financial matter in respect of the Target Company and all such other matters as deemed necessary; and
- (b) all necessary approvals from the relevant governmental or regulatory authorities of either the Target Company or the Subscriber for the consummation of the transactions contemplated under into of the Subscription Agreement having been obtained.

If the conditions precedent have not been fulfilled on or before 5:00 p.m. (Hong Kong time) within two (2) months from the date of the Subscription Agreement (or such later date as may be agreed in writing between the Subscriber and the Target Company), the Subscription Agreement shall lapse and become null and void and the parties thereto shall be released from all obligations thereunder, save for any liability arising out of any antecedent breaches thereof.

Completion

Completion shall take place at or before 5:00 p.m. (Hong Kong time) on the second (2nd) business day after the date on which all of the conditions precedent shall have been satisfied (or such other date as the Subscriber and the Target Company may agree in writing). Upon Completion, the Target Company's financial results will not be consolidated into the accounts of the Group.

INFORMATION OF THE PARTIES

The Company

The Company is incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange. The principal activities of the Group are (i) provision of finance lease and related consulting service in the PRC, (ii) the trading of equity securities, (iii) investment in property, (iv) investment in terminal and logistics services business, (v) investment holding, (vi) investment in food additives business and (vii) money lending business.

The Subscriber

The Subscriber is a direct wholly-owned subsidiary of the Company.

Information of the Target Company

The Target Company is a company incorporated in Hong Kong which is a licensed money lender and principally engages in money lending business.

Set out below is extract of the audited financial information of the Target Company for the two years ended 31 December 2017 and 31 December 2018 respectively:

	For the year ended	
	31 December	
	2017	2018
	(audited)	(audited)
Profit before tax	13,562,320	16,323,966
Profit after tax	13,562,320	16,323,966

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

One of the principal businesses of the Company is money lending. In the financial year ended 31 December 2018 and the six months period ended 30 June 2019, the money lending business of the Company has generated interest income of HK\$4.5 million in each financial period, contributing approximately 19% and 40% of the Group's gross profit in the relevant financial periods respectively. The Company considers its money lending business provides a stable and reliable source of income and profit for the Group.

The Target Company is a licensed money lender carrying out money lending business in Hong Kong. As at 30 September 2019, it has a net asset of approximately HK\$516.1 million. In the two financial years ended 31 December 2017 & 2018, the Target Company has net profits of HK\$13.6 million and HK\$16.3 million respectively.

In order to maintain and continue to expand and develop the Company's money lending business, the Company agrees to invest in the Target Company. The Target Company has a good financial track record. The Board believes that the investment in the Target Company will allow the Company's money lending business forming a synergic effect with the Target Company because both parties can share and exchange business information and management expertise; refer to each other potential business opportunities and, if considered appropriate, jointly participate in loan transaction for risk allocation and profit sharing; by forming a business relationship with the Target Company, the Company may also benefit from expanding its customers network and clientele base.

The Board considers that the terms of the Subscription Agreement are negotiated at arm's length basis and on normal commercial terms and are fair and reasonable and that it is in the interest of the Company and the Shareholders as a whole to enter into the Subscription Agreement to invest in the Target Company.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio in respect of the Subscription is more than 5% but less than 25%, the Subscription constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“business day”	a day (other than a Saturday or Sunday or Public Holiday) on which banks are open for business in Hong Kong
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock code: 0379)
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 December 2019 entered into between the Subscriber and the Target Company in relation to the Subscription
“connected person(s)”	has the meaning as ascribed thereto under the Listing Rules
“Consideration”	the consideration for the Subscription, being HK\$40,000,000
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	the holder of the share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Elegant Basic Investments Limited, a company incorporated in the British Virgin Islands with limited liability with Company Number 1765702 and registered office situate at OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Share(s)”	the 8,000,000 ordinary share(s) of the Target Company to be allotted and issued by the Target Company to the Subscriber pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning as ascribed thereto under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Target Company”	Simagi Finance Company Limited, a company incorporated in Hong Kong
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 30 December 2019

As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke and Mr. Qiao Weibing as executive Directors; (2) non-executive Director: Ms. Yip Man Yi and (3) Mr. Goh Choo Hwee, Mr. Ho Hin Yip and Mr. U Keng Tin as independent non-executive Director.