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

**(Stock Code: 379)**

## **PROPOSED SHARE CONSOLIDATION**

**Financial Adviser to the Company**



**紅日資本有限公司**

**RED SUN CAPITAL LIMITED**

### **SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Shares of HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of HK\$0.1 each in the share capital of the Company.

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. A circular containing, among other matters, further details of (i) the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched on or before Thursday, 5 March 2020.

**Shareholders or potential investors should note that (i) significant number of odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

## **PROPOSED SHARE CONSOLIDATION**

The Company intends to put forward a proposal to the Shareholders to effect the Share Consolidation pursuant to which every ten (10) issued and unissued Shares of HK\$0.01 each will be consolidated into one (1) Consolidated Share of HK\$0.1 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on 26 March 2020 being the second business day after the EGM.

## **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$400,000,000 divided into 40,000,000,000 Shares of par value of HK\$0.01 each, of which 14,303,027,600 Shares have been issued as fully paid or credited as fully paid. Assuming that no further Shares are allotted, issued or repurchased between the date of this announcement and the date of the EGM, upon the Share Consolidation becoming effective, the authorised share capital of the Company shall become HK\$400,000,000 divided into 4,000,000,000 Consolidated Shares of par value of HK\$0.1 each, of which 1,430,302,760 Consolidated Shares will be in issue. The Company has 19,833,334 outstanding Share Options and no warrants or securities in issue which are convertible or exchangeable into Shares as at the date of this announcement.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. Fractions of Consolidated Shares that arise from the Share Consolidation will not be allocated to the Shareholders otherwise entitled thereto and will be aggregated and sold for the benefit of the Company.

Other than the expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

## **Reasons for the Share Consolidation**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the last two years, the share price of the Company has been constantly below HK\$0.1 and the existing board lot value has been less than HK\$2,000. The proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the expected value per board lot. As such, it would enable the Company to comply with the trading requirements under the Listing Rules. Further, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the shares of the Company as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

Thus, the Board considers that the Share Consolidation would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company. It is also hoped that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund raising in the future.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Shares to the Company's share registrar in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Tuesday, 5 May 2020 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Shares for one (1) Consolidated Share.

The new share certificates for the Consolidated Shares will be issued in red colour in order to distinguish them from the share certificates for the existing Shares which are in green colour.

### **Application for listing of the Consolidated Shares**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation become effective.

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

### **Board lot size**

Currently, the Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 10,000 Consolidated Shares.

Based on the closing price of HK\$0.033 per Share as quoted on the Stock Exchange at the date of this announcement, the value for each board lot of 10,000 Shares was HK\$330 and the theoretical market value for each board lot of 10,000 Consolidated Shares assuming the Share Consolidation had become effective, would be HK\$3,300.

## **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of existing share certificates held by such holder.

## **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lot arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

**Shareholders or potential investors should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

## EXPECTED TIMETABLE

The expected timetable for the proposed Share Consolidation is set out below:

<b>Event</b>	<b>2020</b>
Expected date of despatch of the circular, notice and proxy form of the EGM	not later than Thursday, 5 March
Last time for lodging transfer of shares in order to qualify for the attendance and voting of the EGM	4:30 p.m. on Wednesday, 18 March
Register of members closes to determine the qualification for the attendance and voting of the EGM	Thursday, 19 March to Monday, 23 March (both days inclusive)
Latest time for return of proxy form of the EGM (not less than 48 hours prior to time of the EGM)	11:00 a.m. on Sunday, 22 March
EGM	11:00 a.m. on Tuesday, 24 March
Announcement of results of the EGM	Tuesday, 24 March
Effective date of the Share Consolidation	Thursday, 26 March
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Thursday, 26 March
Original counter for trading in Shares in existing Shares in board lots of 10,000 Shares temporarily closes	9:00 a.m. on Thursday, 26 March
Temporary counter for trading in Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 26 March
First day for free exchange of existing share certificates for new share certificates for Consolidated Shares commences	9:00 a.m. on Thursday, 26 March
Original counter for trading in Consolidated Shares in new board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Thursday, 9 April
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	9:00 a.m. on Thursday, 9 April

<b>Event</b>	<b>2020</b>
Parallel trading in Consolidated Shares (in the form of new and existing share certificates) begins	9:00 a.m. on Thursday, 9 April
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares	4:10 p.m. on Tuesday, 5 May
Temporary counter for trading in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 5 May
Parallel trading in Consolidated Shares (in the form of new and existing certificates) ends	4:10 p.m. on Tuesday, 5 May
Last day for free exchange of existing certificates for new certificates for Consolidated Shares	4:30 p.m. on Thursday, 7 May

*Notes:*

1. All times in this announcement refer to Hong Kong times.
2. The Company will make further announcement if there is any change to the above timetable.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, the Share Consolidation. As none of the Shareholders or their associates would have a material interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

A circular containing, among other matters, (i) further details of the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched to the Shareholders on or before Thursday, 5 March 2020.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) in the share capital of the Company
“Share Options”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.1 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 14 February 2020

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement 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 announcement misleading.*