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

**(Stock Code: 379)**

## **CHANGE IN USE OF PROCEEDS FROM THE PLACING**

Reference is made to the announcements of China Ever Grand Financial Leasing Group Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 December 2019, 3 January 2020 and 22 January 2020 (together, the “**Announcements**”) in relation to the placing (the “**Placing**”) of an aggregate of 2,383,830,000 ordinary shares of the Company and the use of the net proceeds.

### **USE OF PROCEEDS FROM THE PLACING**

As disclosed in the Announcements, the net proceeds raised from the Placing were approximately HK\$32.2 million (the “**Net Proceeds**”) and the Company intends to apply approximately HK\$26.0 million, equivalent to approximately 80.7% of the net proceeds from the Placing for expansion of the food additives business, which shall include (i) building of a new production line for the manufacturing of crystalline sorbitol (山梨糖醇); and (ii) building of a new production line for the manufacturing of Advantame (愛德萬甜). It is expected that (i) approximately HK\$19.7 million (equivalent to approximately RMB17.8 million) will be allocated to capital expenditure and related expenses on establishing the aforesaid production lines, including but not limited to the construction of a new plant and its interior plant facilities, the procurement of machinery, equipment, and the building and installing of sewage treatment systems; and (ii) approximately HK\$6.3 million (equivalent to approximately RMB5.7 million) will be set aside as additional working capital for the operation of the production lines. The remaining Net Proceeds of approximately HK\$6.2 million, equivalent to approximately 19.3% of the net proceeds from the Placing, will serve as general working capital of the Group. As at the date of this announcement, approximately HK\$3.5 million and HK\$6.2 million has been utilised for the expansion of the food additives business and the general working capital of the Group, respectively.

In order to better deploy the resources of the Group, the Board has resolved to reallocate the Net Proceeds of approximately HK\$15.0 million from the expansion of the food additives business to the development of medical and hygiene products trading business. As a result of the reallocation, the remaining Net Proceeds of approximately HK\$11.0 million in which HK\$3.5 million has been utilised will be allocated to the expansion of the food additives business (the “**Change in Use of Proceeds**”).

## **REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS**

With the impact of the recent outbreak of the COVID-19, the Board considered that the execution of the Group’s expansion plan of the food additives business in the PRC has been/will be impeded by the postponed resumption of normal operation of machinery and equipment suppliers and the relevant logistic service suppliers. The unexpected disruption in the supply chain not only increases the uncertainty on the availability of production facilities and causes the earmarked fund for payments to be idle, but also increases the overall risk profile of the project which triggers to adjust a pace of certain lengthy development. In view of the promising business opportunities brought by the COVID-19, the Group has initiated a business plan to get into the development of medical and hygiene products trading business.

In view of the spread of the COVID-19 worldwide and public awareness of hygiene, it is expected that there will be a persistently strong demand for the medical and hygiene products. Therefore, the Board estimated that approximately HK\$15.0 million will be allocated for the purchasing of the medical and hygiene products for trading purpose.

Having considered the impact of the Change in the Use of Proceeds on the Group’s business, the Board is of the view that the new allocation of Net Proceeds will enable the Group to better utilise the Net Proceeds and generate a satisfactory and rapid return to the Group. The Board believes that the Change in Use of Proceeds will not have any material adverse effect on the existing business and operation of the Group and is in the best interests of the Company and its shareholders as a whole.

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

Hong Kong, 31 March 2020

*As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Lai Ka Fai, Mr. Tao Ke and Mr. Qiao Weibing as Executive Directors; and (2) 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.*