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## **CONTINUING CONNECTED TRANSACTIONS: FRAMEWORK AGREEMENT AND PROVISION OF SERVICES AGREEMENT**

### **FRAMEWORK AGREEMENT**

The Board is pleased to announce that on 22 March 2024, Tripler, a wholly-owned subsidiary of the Company, as supplier, and Dan Dan Group, as purchaser, entered into the Framework Agreement, pursuant to which the Group agreed to sell, and Dan Dan Group agreed to purchase, the Products for a term of three years from the Effective Date.

### **PROVISION OF SERVICES AGREEMENT**

On 22 March 2024, Dan Dan Group, as a service provider, and Tripler entered into the Provision of Services Agreement, pursuant to which Dan Dan Group agreed to provide the Services to Tripler for a term of three years from the Effective Date.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) Dan Dan Group is wholly owned by Mr. Lam who is a director of Tripler, and (ii) Mr. Lam is a substantial shareholder of the Company, who is interested in 185,247,097 Shares, representing approximately 10.98% of the total issued share capital of the Company and thus a connected person of the Group. Therefore, Dan Dan Group is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. The Framework Agreement, the Provision of Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As the highest of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the consideration expected to be received by the Group from Dan Dan Group, in aggregate, for sale of the Products under the Framework Agreement, on an annual basis, are less than 25% and the highest Annual Cap is less than HK\$10,000,000, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the service fees expected to be payable by the Group to Dan Dan Group, in aggregate, for rendering of the Services under the Provision of Services Agreement, on an annual basis, are less than 5% and the highest annual cap is expected to be less than HK\$3,000,000, the Provision of Services Agreement and the transactions contemplated thereunder are fully exempt from the reporting, announcement, annual review and the independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

## FRAMEWORK AGREEMENT

The Board is pleased to announce that on 22 March 2024, Tripler, a wholly-owned subsidiary of the Company, as supplier, and Dan Dan Group, as purchaser, entered into the Framework Agreement, pursuant to which the Group agreed to sell, and Dan Dan Group agreed to purchase, the Products for a term of three years from the Effective Date. Major terms of the Framework Agreement are as follows:

### Sale of the Products

<b>Date</b>	22 March 2024
<b>Parties</b>	(1) Tripler, as supplier; and (2) Dan Dan Group, as purchaser
<b>Effective period</b>	From the Effective Date to 31 March 2027
<b>Subject Matter</b>	The Group would sell the Products to Dan Dan Group
<b>Pricing basis</b>	The price of the Products shall be determined with reference to:–  (i) the terms agreed with other suppliers who are Independent Third Parties of the Group for the Products of comparable quality, ingredients, formula and quantities and applicable foreign exchange rates in recent transactions;  (ii) the prevailing market price of similar Products (if applicable) of comparable quality, ingredients, formula and quantities and applicable foreign exchange rates based on market information collected by the Group from time to time; and  (iii) if sub-paragraphs (i) and (ii) above are not applicable, a “cost plus” basis by reference to the Group’s cost of sale, namely the acquisition costs of the Products and direct costs that make the Products up to the sellable status at the Group’s warehouse, and a pre-determined profit margin that varies according to the prevailing market price as set out in the above (i) and (ii). The gross profit margin of the Products is expected to be in the range between 28% to 48%, which is in line with the gross profit margin of the Products sold by the Group to Independent Third Parties.

The price and the terms of the sales of the Products shall be agreed after arm’s length negotiation between the Group and Dan Dan Group based on normal commercial terms, and in any event shall be no less favourable to the Group than terms sold or to be sold by the Group to Independent Third Parties of the Group.

**Annual Caps** The maximum aggregate amounts (the “**Annual Cap(s)**”) payable by the Group to Dan Dan Group under the Framework Agreement are as follows:

<b>Financial year/period</b>	<b>Annual Caps</b>
From 1 April 2024 to 31 December 2024	Less than HK\$7,500,000
From 1 January 2025 to 31 December 2025	Less than HK\$10,000,000
From 1 January 2026 to 31 December 2026	Less than HK\$10,000,000
From 1 January 2027 to 31 March 2027	Less than HK\$2,500,000

**Definitive Agreement(s)** the relevant member(s) of the Group and Dan Dan Group may from time to time enter into Definitive Agreement(s) (including purchase order(s), or any amendment(s) thereto and supplemental agreement(s)), sales order(s) or invoice(s) in relation to any transaction upon, and subject to, the terms and conditions of the Framework Agreement.

**Non-exclusive nature of the transactions** The Group may select purchasers for the Products with reference to prevailing market conditions and where appropriate, based on a procurement process conducted at arm’s length basis, and make the Group’s own selection based on normal commercial considerations. The parties to the Framework Agreement acknowledge that the arrangement under the Framework Agreement is non-exclusive in nature, and there is no minimum ordering quantity committed by Dan Dan Group.

## **PROVISION OF SERVICES AGREEMENT**

Major terms of the Provision of Services Agreement are as follows:

On 22 March 2024, Dan Dan Group, as a service provider, and Tripler entered into the Provision of Services Agreement pursuant to which Dan Dan Group agreed to provide the Services to Tripler for a term of three years from the Effective Date.

### **Rendering of the Services**

**Parties**

- (1) Tripler, as company; and
- (2) Dan Dan Group, as service provider

**Subject Matter** Marketing and promotional services

**Pricing basis**

The service fees for rendering of the Services shall be determined with reference to the actual cost of Services, without any markups, incurred by Dan Dan Group, which shall include the rental or licence fees of posting of billboards, commission fee paid to staff and other marketing and promotional activities related to the sale of the Products.

The service fees for rendering of the Services and the terms of the Services shall be agreed after arm's length negotiation between the Group and Dan Dan Group based on normal commercial terms, and in any event shall be no less favourable to the Group than terms obtained by the Group from Independent Third Parties.

**Annual caps**

The maximum aggregate amounts payable by the Group to Dan Dan Group under the Provision of Services Agreement are as follows:

<b>Financial year/period</b>	<b>Annual caps</b>
From 1 April 2024 to 31 December 2024	HK\$1,125,000
From 1 January 2025 to 31 December 2025	HK\$1,500,000
From 1 January 2026 to 31 December 2026	HK\$1,500,000
From 1 January 2027 to 31 March 2027	HK\$375,000

**Definitive Agreement(s)**

the relevant member(s) of the Group and Dan Dan Group may from time to time enter into Definitive agreement(s), including purchase order(s) or any amendment(s) thereto and supplemental agreement(s), sales order(s) or invoice(s) which may be issued by Dan Dan Group to the relevant member(s) of the Group in relation to any transaction upon, and subject to, the terms and conditions of the Provisional of Services Agreement.

**Non-exclusive nature of the transactions**

The Group may select service providers of the Services with reference to prevailing market conditions and where appropriate, based on a procurement process conducted at arm's length basis, and make the Group's own selection based on normal commercial considerations. The parties to the Provision of Services Agreement acknowledge that the arrangement under the Provision of Services Agreement is non-exclusive in nature and there is no minimum amount of service fee committed by the Group.

**Basis of determination of Annual Caps under the Framework Agreement**

The Annual Caps for sale of the Products by the Group under the Framework Agreement has been determined with reference to the following factors: (i) the increasing sales demand from Dan Dan Group which has been expanding its physical shops in Hong Kong since late 2021 and will continue to expand its presence in the neighbourhoods near dense residential areas; (ii) previous sale amount between the Group and Dan Dan Group for the year ended 31 December 2023 and (iii) the increasing sale demand of health products as a result of the increasing health awareness of the general public in post-COVID-19 era.

## **Basis of determination of annual caps under the Provision of Services Agreement**

The annual caps for rendering of Services by Dan Dan Group under the Provision of Services Agreement has been determined with reference to the following factors: (i) the expected demand for the Products from Dan Dan Group which require marketing and promotional services from then; (ii) the expected actual costs for rendering of the Services by Dan Dan Group; and (iii) benchmarking the ratio of selling and marketing fees as a percentage of the amount of sales of comparable products in the approximate range between 10% to 20% payable by the comparable market peers to other service providers who are Independent Third Party.

## **Historical transaction amounts for the sale of the Products**

According to the unaudited management account of the Group for the year ended 31 December 2023, the net sale of Products to Dan Dan Group amounted to approximately HK\$2,172,000, of which approximately HK\$1,312,000 was related to the sales of health products.

## **INFORMATION ABOUT THE GROUP AND TRIPLER**

The Group is principally engaged in the business of (i) financial leasing and its consultancy services in the PRC, (ii) provision of loans as a money lender in Hong Kong, (iii) manufacturing and research of food additives in the PRC, and (iv) distribution business in Hong Kong and the PRC.

Tripler is principally engaged in the wholesale of daily necessities, hygiene products and health products business in Hong Kong. Most of the products are under their own brand names.

## **INFORMATION ABOUT DAN DAN GROUP**

Dan Dan Group currently comprised of Dan Dan Mall Limited and Dan Dan Mall (HK) Limited, which are companies established in Hong Kong with limited liability. Dan Dan Group operates dispensaries business in Hong Kong and currently have six retail shops located in six different districts under the brand name “DanDanHealth” primarily serving the local residents in their respective neighbourhoods. In addition to the physical stores, Dan Dan Group also runs an online shop at [www.DanDanMall.com.hk](http://www.DanDanMall.com.hk) which provides delivery service to customers in Hong Kong and the PRC.

As of the date of this announcement, (i) Dan Dan Group is wholly owned by Mr. Lam, who is a director of Tripler and (ii) Mr. Lam is a substantial shareholder of the Company, who is interested in 185,247,097 Shares, representing approximately 10.98% of the total issued share capital of the Company and thus a connected person of the Company. Therefore, Dan Dan Group is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT AND THE PROVISION OF SERVICES AGREEMENT**

The Company considers that the entering of the Framework Agreement and the Provision of Services Agreement are beneficial to the Group for increasing the Group’s sales of the Products and enhancing the Group’s market share in distributing the Products in Hong Kong and the PRC.

Tripler has recently introduced a new product line focused on health and wellness products under their own brand name. This product line includes various items such as probiotic products, heart tonics, eye drop supplements, vitamins supplements, nasal pills, throat sprays, and NMNs (nicotinamide mononucleotide). To tap into this competitive market and increase the necessary publicity of the brand new products amongst numerous substitutes, it is imperative to have a direct access to retail shops and easily reach out to the target customers of the Group. The business cooperation with Dan Dan Group not only provides the Group with the extensive offline and online distribution networks for the Products, but also enable the Group to leverage on Dan Dan Group's staff expertise and presence to promote the Products especially health products. This access also allows the Group to gain the timely customers' feedbacks to enhance existing products and develop trendy new products.

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement (including the Annual Caps) and the Provision of Services Agreement (including the relevant annual caps) are fair and reasonable and the transactions contemplated thereunder to be entered into are in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

None of the Directors has a material interest in the Framework Agreement and the Provision of Services Agreement. Accordingly, none of them is required to abstain from voting on the relevant board resolutions to approve the Framework Agreement, the Provision of Services Agreement and the transactions contemplated thereunder.

The Framework Agreement and the Provision of Services Agreement are independent of and not inter-conditional upon each other. The transactions and the subject matters contemplated under the Framework Agreement and the Provision of Services Agreement are also independent of each other. Given that the respective nature of the transactions contemplated under the Framework Agreement and the Provision of Services Agreement are different and, upon considering the factors set out in Rule 14.23 of the Listing Rules, the respective Annual Caps under the Framework Agreement and the annual caps under Provision of Services Agreement are not to be aggregated together.

## **INTERNAL CONTROL**

In order to ensure the terms of Framework Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no more favourable than those offered by the Group to the Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the finance department of the Company will closely monitor the transactions under the Framework Agreement and the Provision of Services Agreement to ensure that the transactions amount will not exceed the Annual Cap for the Framework Agreement and the annual cap for the Provision of Services Agreement;

- (ii) the finance department of the Company will conduct regular random checks to review and assess whether the transactions contemplated under the Framework Agreement and the Provision of Services Agreement are conducted on normal commercial terms, in accordance with the terms set out in the Framework Agreement and whether the relevant contract terms are in the interest of the Company and the Shareholders as a whole;
- (iii) the Company's external auditor will conduct an annual review of the transactions entered into under the Framework Agreement to ensure that the transactions amount is within the Annual Cap and the transactions is in accordance with the terms set out in the Framework Agreement; and
- (iv) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the Framework Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

In view of the pricing policy and internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the Framework Agreement and the Provision of Services Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its independent Shareholders.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, (i) Dan Dan Group is wholly owned by Mr. Lam, who is a director of Tripler; and (ii) Mr. Lam is a substantial shareholder of the Company, who is interested in 185,247,097 Shares, representing approximately 10.98% of the total issued share capital of the Company and thus a connected person of the Company. Therefore, Dan Dan Group is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules. The Framework Agreement, the Provision of Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As the highest of the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the consideration expected to be received by the Group from Dan Dan Group, in aggregate, for sale of the Products under the Framework Agreement, on an annual basis, are less than 25% and the highest Annual Cap is less than HK\$10,000,000, the Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As all the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the service fees expected to be payable by the Group to Dan Dan Group, in aggregate, for rendering of the Services under the Provision of Services Agreement, on an annual basis, are less than 5% and the highest annual cap is expected to be less than HK\$3,000,000, the Provision of Services Agreement and the transactions contemplated thereunder are fully exempt from the reporting, announcement, annual review and the independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

“Annual Cap(s)”	means the annual caps of the accumulative transaction amount, on an annual basis, under the Framework Agreement
“Board”	the board of Directors
“Company”	China Ever Grand Financial Leasing Group Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Dan Dan Group”	Dan Dan Mall Limited and Dan Dan Mall (HK) Limited, each a company incorporated in Hong Kong with limited liability, and both are wholly-owned by Mr. Lam. For the purpose of the Framework Agreement and Provision of Services Agreement, the transactions with Dan Dan Group shall include subsidiaries and fellow subsidiaries of Dan Dan Mall Limited and Dan Dan Mall (HK) Limited
“Director(s)”	the director(s) of the Company
“Effective Date”	1 April 2024
“Framework Agreement”	The agreement dated 22 March 2024 entered into between Tripler and Dan Dan Group in relation to the sale of the Products for a term of three years from the Effective Date
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	any person or company and its ultimate beneficial owners who, as far as the Directors are aware after having made all reasonable enquiries, are third parties and independent of the Company and its connected person



“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Lam”	Mr. Lam Tsun On, a director of Tripler and a substantial shareholder of the Company
“PRC”	the People’s Republic of China, excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Products”	daily necessities, hygiene products and health products of the Group to be sold to Dan Dan Group
“Provision of Services Agreement”	The agreement dated 22 March 2024 entered into between Tripler and Dan Dan Group in relation to the rendering of the Services for a term of three years from the Effective Date
”Services”	marketing and promotional services rendered by Dan Dan Group to the Group in respect of the Products
“Shareholder(s)”	holder(s) of the Shares
“Shares”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tripler”	Tripler Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board  
**China Ever Grand Financial Leasing Group Co., Ltd.**  
**Wong Lik Ping**  
*Chairman and Executive Director*

Hong Kong, 22 March 2024

*As at the date of this announcement, the Board comprises (1) Mr. Wong Lik Ping, Mr. Siu Wai Bun, Mr. Tao Ke, Mr. Qiao Weibing and Mr. Ng Tin Shui as Executive Directors; (2) Ms. Yip Man Yi as Non-Executive Director; and (3) Mr. Lo Tsun Yu, Mr. Ho Hin Yip, Mr. Wu Kai Tang and Mr. Leung Yiu Ming, David as Independent Non-Executive Directors.*