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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 379)

DISCLOSEABLE TRANSACTION ACQUISITION OF LAND USE RIGHT AND PROPERTY LOCATED IN THE PRC AND LEASEBACK ARRANGEMENT

BACKGROUND

The Board is pleased to announce that on 27 November 2020 (after trading hours) the Purchaser, an indirectly wholly-owned subsidiary of the Company, and the Vendor entered into the Asset Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the land use right of the Land and the Property in the Consideration of RMB56,260,000.

LISTING RULES IMPLICATION

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

Shareholders and potential investors of the Company should note that the Completion of the Acquisition 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.

INTRODUCTION

The Board is pleased to announce that on 27 November 2020 (after trading hours) the Purchaser, an indirectly wholly-owned subsidiary of the Company, and the Vendor entered into the Asset Transfer Agreement, pursuant to which the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the land use right in the Land and the Property in the Consideration of RMB56,260,000. Summarised below are the principal terms of the Asset Transfer Agreement:

ASSET TRANSFER AGREEMENT

Date

27 November 2020

Parties

- (i) the Purchaser; and
- (ii) the Vendor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, as at the date of the Asset Transfer Agreement, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

Pursuant to the Asset Transfer Agreement, the assets to be acquired by the Purchaser include the land use right of the Land and the Property.

The Land is situated at Taoci Industrial Zone, Qigong Community, Wan Shou Street, Jianping County, Chaoyang City, Liaoning Province, the PRC (中國遼寧省朝陽市建平縣萬壽街道啟工社區(陶瓷工業區內)) with a total land use right area of approximately 119,063.9 sq.m. The land use right of the Land had been granted for a term of 50 years expiring on 30 September 2060 for industrial use.

The Property contains the 4 factory buildings with a gross floor area of about 40,528.12 sq.m. that are built over the Land together with roads, fences, walls, water pipes, sewage pipes, electronic cables and transformer thereon.

The Land and the Property had been occupied by the Vendor for the financial years ended 31 December 2018 and 31 December 2019. There had been no identifiable income stream for the Land and the Property in these financial years. Currently, the Land and the Property are still being occupied by the Vendor.

Consideration

The Consideration for the land use right of the Land and the Property under the Asset Transfer Agreement is RMB56,260,000, which shall be paid in full by the Purchaser to the Vendor within 10 business days following the issue of a confirmation letter from the Purchaser confirming that all the Conditions Precedent are fulfilled (save and except otherwise waived).

The Consideration was arrived at after arm's length negotiations between the Purchaser and the Vendor. The Company has also considered the valuation as stated (i) in the Valuation Report prepared by an independent valuer. According to the Valuation Report, the total market value of the land use right of the Land and the Property were valued at RMB65,700,000 as of 27 November 2020 and they were valued on the assumption of the estimated amount for which an asset or liability should exchange on the relevant valuation time 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 Company intends to settle the Consideration with the internal resources of the Group.

Conditions Precedent

Completion is conditional upon the fulfillment of a number of conditions as follows:

1. the Purchaser reasonably and satisfactorily takes the view that the representations and warranties made by the Vendor in accordance with the Asset Transfer Agreement are true and accurate in all respects on the date of the Asset Transfer Agreement and the date of Completion;
2. (if required) the local people's government or government department having issued a valid notice, letter, meeting minutes or other supporting materials in the form of and in the substance to the satisfaction of the Purchaser with the effect to agreeing the transfer and registration of the title of the Land and buildings erected thereon to the Purchaser;
3. the certificate of the land use right of the Land remains valid and is not adversely affected by any event;
4. no judicial or government agency has imposed (or claimed to impose) penalties, commenced any legal proceeding, or instituted any form of investigation to limit or change arrangements under the Acquisition, or to challenge the legality of the Acquisition, or to seek material damages in relation to the Acquisition;

5. the Purchaser has hired professionals (lawyers, accountants, valuer, etc.) who have been engaged according to their needs to complete the due diligence work on the Land and the Property, and the results of which are satisfactory to the Purchaser;
6. the Acquisition has been approved by the internal governing decision-making bodies of the Purchaser and the Vendor; and
7. (if required) the Company has obtained all necessary approvals and consents under the Listing Rules.

Save and except the conditions 3, 6 & 7 above, the Purchaser may waive any Conditions Precedent in writing before the Long Stop Date. If any of the Conditions Precedent is not fulfilled before the Long Stop Date, the Purchaser may have an option to give a 7 days' notice to the Vendor to terminate the Asset Transfer Agreement.

Completion

Completion shall take place on a day to be mutually agreed in writing by the parties after the fulfilment (or wavier, if applicable) of all the Conditions Precedent.

LEASEBACK ARRANGEMENT

Upon Completion, the Purchaser shall enter into a tenancy agreement with the Vendor pursuant to which the Purchaser shall grant to the Vendor a 3-year tenancy to occupy the Land and the Property for a term commencing on the Completion date at annual rental of RMB2,800,000 inclusive of land use rights and property taxes. The lessee shall pay for the management fee, water fee, electricity fee, gas and heat supply expenses.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the PRC and is principally engaged in the business of production and sales of microcrystalline jade decorative plates and microcrystalline jade crafts in the PRC. The ultimate beneficial owners of the Vendor are Wei Gaoheng (魏高恒), Gao Guoliang (高國良) and Qiao Yanfeng (喬艷峰) and their indirect shareholdings in the Vendor are 5%, 5% and 90%, respectively.

INFORMATION OF THE COMPANY AND THE PURCHASER

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 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, food additives business, investment holding, money lending business, production and/or trading of daily necessities, medical and healthcare products.

The Purchaser, which is an indirectly wholly-owned subsidiary of the Company, is primarily engaged in food additives business in the PRC.

REASONS AND BENEFITS FOR THE ACQUISITION

The Land and the Property to be acquired are located in Jianping Economic Development Zone, Chaoyang City, Liaoning Province, China, where is within the Liaoning provincial development zone. It currently covers a planned area of 46.3 million square meters where introduced 212 enterprises and achieved an industrial output value of RMB6.5 billion; it is planned to expand the planned area for an extra 20 million square meters and achieve an industrial output value of RMB60 billion by 2025.

Jianping Economic Development Zone is the intersection between Beijing-Shenyang high-speed rail and Beijing-Dalian high-speed rail. It is expected that the travel time to Beijing, Shenyang, and Dalian will be shortened to about one and a half hours by the end of 2020, which will significantly improve the flow of people, logistic, business operation environment and living standard. With the growth of industrial investment, production and population concentration, the value of the land in this area is expected to increase accordingly.

The Land and the Property are located at the southernmost end of the development zone, adjacent to the urban area of Jianping County, and has great potential for capital appreciation in the foreseeable future; the acquired Land and Property will also be leased after the Completion, reducing cash flow pressure and helping to increase the Company's stable income.

The Board (including the independent non-executive Directors) considers that the terms of the Asset Transfer Agreement, the leaseback arrangement 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.

LISTING RULES IMPLICATION

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

DEFINITIONS

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

“Acquisition”	the proposed acquisition of the land use right of the Land and the Property pursuant to the Asset Transfer Agreement
“Asset Transfer Agreement”	an Asset Transfer Agreement dated 27 November 2020 entered into between the Purchaser and the Vendor in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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”	the delivery of the Land and the Property pursuant to the Asset Transfer Agreement, which shall take place on a day to be mutually agreed between the Purchaser and the Vendor following fulfillment (or waiver, if applicable) of the Conditions Precedent
“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 RMB56,260,000 for the Acquisition pursuant to the Asset Transfer Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	land parcels located at Taoci Industrial Zone, Qigong Community, Wan Shou Street, Jianping County, Chaoyang City, Liaoning Province, the PRC (中國遼寧省朝陽市建平縣萬壽街道啟工社區(陶瓷工業區內)) with a total land use right area of approximately 119,063.9 sq.m.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	6 months from the date of the Asset Transfer Agreement or such later date to be mutually agreed by the Purchaser and the Vendor
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the PRC for the purpose of this announcement
“Property”	the 4 factory buildings with a gross floor area of about 40,528.12 sq.m. that are built over the Land together with roads, fences, walls, water pipes, sewage pipes, electronic cables and transformer thereon

“Purchaser”	Qikang Biological Technology Limited* (遼寧啟康生物科技有限公司), a company incorporated in the PRC with limited liability, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency in the PRC
“Share(s)”	ordinary share of HKD0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report on the Land and Property prepared by an independent valuer dated 27 November 2020
“Vendor”	Liaoning Hongshanyu Technology Company Limited* (遼寧紅山玉科技有限公司), a company incorporated in the PRC with limited liability
“%”	per cent

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

Hong Kong, 27 November 2020

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

* *for identification purposes only*