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CONTINUING CONNECTED TRANSACTIONS TEI FRAMEWORK PURCHASE AGREEMENT

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

VEDA | CAPITAL
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TEI FRAMEWORK PURCHASE AGREEMENT

The Board is pleased to announce that on 15 November 2022 (after trading hours of the Stock Exchange), EGHC, a wholly-owned subsidiary of the Company, as purchaser, and TEI, as supplier, entered into the TEI Framework Purchase Agreement pursuant to which the Group agreed to purchase, and TEI agreed to sell, the Medical and Healthcare Products from the Effective Date to 31 December 2023.

LISTING RULES IMPLICATION

TEI is owned by Mr. Ng Tin Shui, who is also an executive Director of the Company, and Ms. Chi Chin as to 50% and 50%, respectively. Mr. Ng Tin Shui and Ms. Chi Chin are spouses of each other. As at the date of this announcement, Mr. Ng Tin Shui and Ms. Chi Chin are also substantial shareholders of the Company who are collectively interested in 220,470,000 Shares, representing 13.07% of the total issued share capital of the Company. Therefore, TEI is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules and the TEI Framework Purchase Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As Mr. Ng Tin Shui and Ms. Chi Chin are the shareholders of TEI, Mr. Ng Tin Shui and Ms. Chi Chin and their associates will abstain from voting in the resolutions to be proposed at the EGM for approving the above matters.

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Annual Cap in relation to the TEI Framework Purchase Agreement are expected to be higher than 5%, the TEI Framework Purchase Agreement and the Annual Cap in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

An independent board committee of the Company, comprising all the independent non-executive Directors, has been appointed to advise the Independent Shareholders on, among other things, whether or not the TEI Framework Purchase Agreement and the Annual Cap are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group. Veda Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders regarding the TEI Framework Purchase Agreement and the Annual Cap.

A circular containing, inter alia, (a) further information on the TEI Framework Purchase Agreement and the Annual Cap in relation thereto; (b) the letter of advice from the independent financial adviser to the independent board committee of the Company and Independent Shareholders; (c) the recommendation from the independent board committee of the Company; and (d) a notice of the EGM will be dispatched to the Shareholders on or before 12 December 2022 in accordance with the Listing Rules.

TEI FRAMEWORK PURCHASE AGREEMENT

The Board is pleased to announce that on 15 November 2022 (after trading hours of the Stock Exchange), the Company, as purchaser, and TEI, as supplier, entered into the TEI Framework Purchase Agreement pursuant to which the Group agreed to purchase, and TEI agreed to sell, the Medical and Healthcare Products from the Effective Date to 31 December 2023.

Major terms of the TEI Framework Purchase Agreement are as follows:

Date	15 November 2022
Parties	EGHC, as purchaser TEI, as supplier
Effective period	From the Effective Date to 31 December 2023

Subject Matter The Group would purchase the Medical and Healthcare Products from TEI

Pricing basis The price of the Medical and Healthcare Products shall be determined with reference to:–

- (i) the prevailing market price of similar Medical and Healthcare 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
- (ii) the terms agreed with other suppliers who are Independent Third Party of the Group for the Medical and Healthcare Products of comparable quality, ingredients, formula and quantities and applicable foreign exchange rates in recent transactions;

The price and the terms of the purchase of the Medical and Healthcare Products shall be agreed after arm's length negotiation between the Group and TEI based on normal commercial terms (as defined in the Listing Rules), and in any event shall be no less favourable to the Group than terms purchased by the Group from Independent Third Parties of the Group.

Maximum Price Offered by TEI TEI further agrees that the maximum price of the Medical and Healthcare Products to be offered to the Group must not be higher or equal to the acquisition cost together with 1% markup thereon of the Medical and Healthcare Products as procured by TEI.

Annual Cap FY2023: HK\$80 million

Basis of determination of Annual Cap

The Annual Cap for FY2023 is determined based on the potential purchase demand from the customers of EGHC.

For avoidance of doubt, no purchase was made by the Group from TEI for the three years ended 31 December 2021 and the 10 months ended 31 October 2022.

Condition precedent

The TEI Framework Purchase Agreement is conditional upon the Independent Shareholders approving the TEI Framework Purchase Agreement and the transactions contemplated thereunder and the Annual Cap.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TEI FRAMEWORK PURCHASE AGREEMENT

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) trading in Hong Kong and PRC.

TEI is a company established in the Hong Kong with limited liability and its principal business activity is distributorship business in medical and healthcare products in Hong Kong and the PRC.

EGHC is principally engaged in the trading of medical, healthcare, daily necessities and hygiene products business.

The entering of the TEI Framework Purchase Agreement is beneficial to the Group for increasing the Group's sales of the Medical and Healthcare Products and enhancing the Group's market share in distributing the Medical and Healthcare Products in Hong Kong and the PRC.

The Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from the independent financial adviser) consider that the terms of the TEI Framework Purchase Agreement and the Annual Cap are fair and reasonable and the transactions contemplated thereunder are and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL

In order to ensure the terms of the TEI Framework Purchase 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 TEI Framework Purchase Agreement to ensure that the transactions amount will not exceed the Annual Cap for the TEI Framework Purchase Agreement;
- (ii) the finance department of the Company will conduct regular random checks to review and assess whether the transactions contemplated under the TEI Framework Purchase Agreement are conducted on normal commercial terms, in accordance with the terms set out in the TEI Framework Purchase 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 TEI Framework Purchase 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 TEI Framework Purchase Agreement; and
- (iv) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the TEI Framework Purchase 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 TEI Framework Purchase Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its minority Shareholders.

LISTING RULES IMPLICATIONS

TEI is owned by Mr. Ng Tin Shui, who is also an executive Director of the Company, and Ms. Chi Chin as to 50% and 50%, respectively. Mr. Ng Tin Shui and Ms. Chi Chin are spouses of each other. As at the date of this announcement, Mr. Ng Tin Shui and Ms. Chi Chin are also substantial shareholders of the Company who are collectively interested in 220,470,000 Shares, representing 13.07% of the total issued share capital of the Company. Therefore, TEI is a connected person of the Company pursuant to Rule 14A.07 of the Listing Rules and the TEI Framework Purchase Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company. As Mr. Ng Tin Shui and Ms. Chi Chin are the shareholders of TEI, Mr. Ng Tin Shui and Ms. Chi Chin and their associates will abstain from voting in the resolutions to be proposed at the EGM for approving the above matters.

As the applicable percentage ratios as set out in Rule 14.07 of the Listing Rules for the Annual Cap in relation to the TEI Framework Purchase Agreement are expected to be higher than 5%, the TEI Framework Purchase Agreement and the Annual Cap in relation thereto are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Save and except Mr. Ng Tin Shui, none of the Directors has a material interest in the TEI Framework Purchase Agreement. Accordingly, none of them is required to abstain from voting on the relevant board resolutions to approve the TEI Framework Purchase Agreement and the transactions contemplated thereunder.

An independent board committee of the Company, comprising all the independent non-executive Directors, has been appointed to advise the Independent Shareholders on, among other things, whether or not the TEI Framework Purchase Agreement and the Annual Cap are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned. Veda Capital Limited has been appointed as the independent financial adviser to advise the independent board committee of the Company and the Independent Shareholders regarding the TEI Framework Purchase Agreement and the Annual Cap and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group.

A circular containing, inter alia, (a) further information on the TEI Framework Purchase Agreement and the Annual Cap in relation thereto; (b) the letter of advice from the independent financial adviser to the independent board committee of the Company and Independent Shareholders; (c) the recommendation from the independent board committee of the Company; and (d) a notice of the EGM will be dispatched to the Shareholders on or before 12 December 2022 in accordance with the Listing Rules.

DEFINITIONS

“Annual Cap”	the proposed maximum annual aggregate transaction values in respect of transaction contemplated under the TEI Framework Purchase Agreement for the financial year ending 31 December 2023
“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
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the entering into of the TEI Framework Purchase Agreement, the transactions contemplated hereunder and the Annual Cap, are approved by the independent shareholders of the Company at the EGM and after 1 January 2023
“EGHC”	Ever Grand Healthcare Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of, if thought fit, to approve the TEI Framework Purchase Agreement and the transactions contemplated thereunder and the Annual Cap by the Independent Shareholders
“FY”	financial year of the Company ended or ending 31 December
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC

“Independent Shareholder(s)”	Shareholders other than Mr. Ng Tin Shui and Ms. Chi Chin, and their respective associates
“Independent Third Parties”	a person who, as far as the Directors are aware after having made all reasonable enquiries, is not a connected person of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Medical and Healthcare Product”	medical or healthcare products to be purchased by the Group from TEI including but not limited to Wong To Yick Wood Lock Ointment
“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
“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
“TEI”	Top Empire International Limited, a company incorporated in Hong Kong with Limited Liability
“TEI Framework Purchase Agreement”	The agreement dated 15 November 2022 between the Company and TEI in relation to the purchase of Medical and Healthcare Products by the Group from TEI from the Effective Date to 31 December 2023
“%”	per cent

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

Hong Kong, 15 November 2022

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) Ms. Yip Man Yi as non-executive Director; and (3) Mr. Lo Tsun Yu, Mr. Ho Hin Yip, Mr. U Keng Tin and Mr. Leung Yiu Ming, David as independent non-executive Directors.