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CHINA FINANCIAL LEASING GROUP LIMITED

中國金融租賃集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2312)

MEMORANDUM OF UNDERSTANDING IN RELATION TO PROPOSED ACQUISITIONS

This announcement is made by China Financial Leasing Group Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

MEMORANDUM OF UNDERSTANDING I

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 28 February 2020 (after trading hours), China Financial Leasing Investments Limited (the “**Purchaser**”), a wholly-owned subsidiary of the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “**MOU I**”) with potential vendor (the “**Potential Vendor I**”). Pursuant to the MOU I, the Purchaser intends to acquire, and the Potential Vendor I intend to dispose of, part of the registered capital in 台州綠沃川自動化設備製造有限公司 (the “**Target Company I**”) (the “**Proposed Acquisition I**”). As at the date of the MOU I, the Potential Vendor I confirms that the Potential Vendor I hold 91% of registered capital of the Target Company I. The Target Company I is a company incorporated in the People’s Republic of China (the “**PRC**”). The Target Company I is a modern agriculture corporation which principally engaged in production and services of automotive agricultural technology, research and development investment on agricultural products.

* For identification purpose only

Principal Terms of the MOU I

Date

28 February 2020 (after trading hours).

Parties

- (i) The Purchaser; and
- (ii) the Potential Vendor I.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Potential Vendor I and their ultimate beneficial owners are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

Consideration

The consideration for the Proposed Acquisition I and the manner of payment shall be further negotiated between the Purchaser and the Potential Vendor I and be determined in the Formal Agreement I (as defined below).

Exclusivity

During the period from the date of the MOU I to 28 May 2020 (the "**Exclusivity Period I**"), the Potential Vendor I will, in good faith, negotiate with the Purchaser exclusively on the Proposed Acquisition I and will not (whether directly or indirectly through affiliate, agent or representative) discuss, negotiate and/or enter into any agreement, arrangement or understanding with any other party with respect to the disposal of the Target Company I or any of its business.

Due diligence review

Pursuant to the MOU I, the Purchaser may conduct due diligence review on the business, financial and legal affairs of the Target Company I upon signing of the MOU I. The Potential Vendor I shall use their best endeavours to procure the Target Company I and its agent to provide such assistance and information as is necessary for the Purchaser to complete its due diligence review on the Target Company I.

Formal Agreement

The Purchaser and the Potential Vendor I shall use their best endeavours to procure a legally binding formal agreement in relation to the Proposed Acquisition I ("**Formal Agreement I**") within the Exclusivity Period I.

Termination

The MOU I will be terminated at the earlier of:

- (i) the expiry of the Exclusivity Period I; or
- (ii) the date of execution of the Formal Agreement I.

Binding effect

Save for the provisions relating to the exclusivity, due diligence review, confidentiality, termination, notices, binding effect, governing law and jurisdiction, the MOU I does not constitute a legally binding agreement on the parties to the MOU I.

MEMORANDUM OF UNDERSTANDING II

The Board is pleased to announce that on 28 February 2020 (after trading hours), the Purchaser, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “**MOU II**”) with potential vendor (the “**Potential Vendor II**”). Pursuant to the MOU II, the Purchaser intends to acquire, and the Potential Vendor II intend to dispose of, part of the registered capital in 南京瀚邦生態農業科技有限公司 (the “**Target Company II**”) (the “**Proposed Acquisition II**”). As at the date of the MOU II, the Potential Vendor II confirms that the Potential Vendor II hold 70% of registered capital of the Target Company II. The Target Company II is a company incorporated in the PRC. The Target Company II is a corporation which principally engaged in aquaculture, agriculture and forestry technologies research and development, services and consultation.

Principal Terms of the MOU II

Date

28 February 2020 (after trading hours).

Parties

- (i) The Purchaser; and
- (ii) the Potential Vendor II.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Potential Vendor II and their ultimate beneficial owners are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

Consideration

The consideration for the Proposed Acquisition II and the manner of payment shall be further negotiated between the Purchaser and the Potential Vendor II and be determined in the Formal Agreement II (as defined below).

Exclusivity

During the period from the date of the MOU II to 28 May 2020 (the “**Exclusivity Period II**”), the Potential Vendor II will, in good faith, negotiate with the Purchaser exclusively on the Proposed Acquisition II and will not (whether directly or indirectly through affiliate, agent or representative) discuss, negotiate and/or enter into any agreement, arrangement or understanding with any other party with respect to the disposal of the Target Company II or any of its business.

Due diligence review

Pursuant to the MOU II, the Purchaser may conduct due diligence review on the business, financial and legal affairs of the Target Company II upon signing of the MOU II. The Potential Vendor II shall use their best endeavours to procure the Target Company II and its agent to provide such assistance and information as is necessary for the Purchaser to complete its due diligence review on the Target Company II.

Formal Agreement

The Purchaser and the Potential Vendor II shall use their best endeavours to procure a legally binding formal agreement in relation to the Proposed Acquisition II (“**Formal Agreement II**”) within the Exclusivity Period II.

Termination

The MOU II will be terminated at the earlier of:

- (i) the expiry of the Exclusivity Period II; or
- (ii) the date of execution of the Formal Agreement II.

Binding effect

Save for the provisions relating to the exclusivity, due diligence review, confidentiality, termination, notices, binding effect, governing law and jurisdiction, the MOU II does not constitute a legally binding agreement on the parties to the MOU II.

REASON FOR AND BENEFIT OF THE PROPOSED ACQUISITION I AND PROPOSED ACQUISITION II

In order to maximise return to the Company and the shareholders of the Company, the Directors consider that it is in the interests of the Company and its shareholders as a whole to enter into the MOU I and MOU II to explore the possibility of diversification of the investment portfolios of the Group.

GENERAL

As at the date of this announcement, the terms and conditions of the Proposed Acquisition I and Proposed Acquisition II are still being negotiated and no legally binding agreement(s) has been entered into. The Proposed Acquisition I and Proposed Acquisition II, if materialised, may constitute notifiable transaction(s) for the Company under the Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the Listing Rules.

As the Proposed Acquisition I and Proposed Acquisition II may or may not proceed, shareholders and investors are reminded to exercise caution when dealing in the shares.

For and on behalf of the Board
CHINA FINANCIAL LEASING GROUP LIMITED
Liu Hailong
Chairman

Hong Kong, 28 February 2020

As at the date of this announcement, the board of Directors of the Company comprises Mr. Chan Chi Hang as executive Director, Mr. Liu Hailong (Chairman) as non-executive Director, Mr. Yip Ming, Mr. Tsang Chung Sing Edward, Mr. Zhang Bin and Mr. Wang Ruiyang as independent non-executive Directors.