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## **CONTINUING CONNECTED TRANSACTIONS**

### **FOREIGN EXCHANGE AND FINANCIAL MARKETS TRANSACTIONS FRAMEWORK AGREEMENT**

The Board hereby announces that on 17 June 2016, the Bank entered into the Framework Agreement with Yuexiu Holdings which governs certain Transactions to be entered into between the CHB Group and the Yuexiu Holdings Private Group in the Bank's ordinary and usual course of business.

Yuexiu Holdings, which indirectly holds 75% of the issued share capital of the Bank, is a substantial shareholder of the Bank, hence a connected person of the Bank.

Accordingly, the Transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Bank under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profits ratio) as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the Framework Agreement exceed 0.1% but are below 5%, the Transactions contemplated under the Framework Agreement are subject to the reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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### **THE FRAMEWORK AGREEMENT**

The principal terms and conditions of the Framework Agreement are set out as follows.

#### **Date**

17 June 2016

## **Parties**

- (1) the Bank; and
- (2) Yuexiu Holdings

## **Subject matter**

The transactions covered by the Framework Agreement are (collectively, the “**Transactions**”):

*Foreign Exchange Transactions:* spot, forward and swap contracts to be entered into on normal commercial terms and in the ordinary course of business of the foreign exchange market.

*Financial Markets Transactions:* over-the-counter and on-exchange financial markets transactions, which include swaps, forwards, options and/or any combination thereof on currencies, interest rates, credit risk, fixed income and any other classes of underlying prices, rates, indices or instruments, to be entered into on normal commercial terms and in the ordinary course of business of the respective market.

During the term of the Framework Agreement, any member of the Yuexiu Holdings Private Group and the CHB Group may from time to time enter into any Transaction upon, and subject to, the terms and conditions in compliance with those of the Framework Agreement as may be agreed between the relevant members.

Pursuant to the Framework Agreement, the particular scope of the Transaction(s), terms and fees of services and other terms shall be in conformity with the terms of the Framework Agreement, provided that the terms shall be on normal commercial terms or better (or on an arm’s length basis or on terms no less favourable to the CHB Group than terms available to or from Independent Third Parties) and the price for the Transactions shall be based on the prevailing market prices or rates normally applicable to similar transactions conducted with Independent Third Parties.

## **Pricing**

*Foreign Exchange Transactions:* The foreign exchange transactions between the CHB Group and the Yuexiu Holdings Private Group will adopt the prevailing market prices or rates normally applicable to transactions conducted with Independent Third Parties. Specifically, the price or rate adopted in the trading of foreign exchange and trading in currency markets and settlement business shall be determined based on the general practice and methodology of the industry, the market performance of the traded products, the publicly available market price, and / or the management requirements for various risk by the CHB Group.

*Financial Markets Transactions:* The financial markets transactions between the CHB Group and the Yuexiu Holdings Private Group will adopt the prevailing market prices or rates normally applicable to transactions conducted with Independent Third Parties. Specifically, the price or rate adopted in the financial markets transactions shall be determined based on the respective market prevailing prices, market performance of the traded products, the publicly available market price, and/or the management requirements for various risk by the CHB Group.

## Term

The Framework Agreement shall commence from the date of the Framework Agreement up to 31 December 2018 (both dates inclusive).

Upon expiration of the initial term or subsequent renewal term, the Framework Agreement is automatically renewed for successive periods of three (3) years each thereafter (or such other period permitted under the Listing Rules).

## HISTORICAL TRANSACTION AMOUNTS AND ANNUAL CAPS

The historical transaction amounts and the annual caps in respect of the Transactions under the Framework Agreement for the three years ending 31 December 2018 are set out as follows:

<b>Financial period / year ended/ending</b>	<b>Aggregation of absolute amount of fair value of the Transactions recorded as assets / liabilities (HK\$'000)</b>
31 May 2016 <sup>(Note)</sup>	4,597
31 December 2016	110,000
31 December 2017	210,000
31 December 2018	210,000

*Note: This represents the 12-month period ended 31 May 2016.*

The above annual caps are proposed by the Directors based on the following factors:

- (a) the historical amounts of the Transactions between the CHB Group and the Yuexiu Holdings Private Group for the 12-month period ended 31 May 2016; and
- (b) other factors such as the historical and also forecast fluctuation of Renminbi, the possible increase in the transaction amount and volume, plus an additional buffer of 10%.

## REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

The Bank expects an increasing demand by the Yuexiu Holdings Private Group for financial markets services provided by the Bank. The Board and the board of Yuexiu Holdings (other than the relevant common directors who abstained from voting on the resolutions approving the Framework Agreement) consider it appropriate to enter into the Framework Agreement to regulate the Transactions to be entered into between the CHB Group and the Yuexiu Holdings Private Group from time to time.

The Directors (including the independent non-executive Directors, but excluding Messrs. ZHANG Zhaoxing, ZHU Chunxiu and WANG Shuhui, who have abstained from voting on the resolutions approving the Framework Agreement) consider that the terms of the Framework Agreement (including the annual caps) were agreed between the parties after arm's length negotiations and are fair and reasonable, and the Transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the CHB Group and are in the interests of the Bank and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Yuexiu Holdings, which indirectly holds 75% of the issued share capital of the Bank, is a substantial shareholder of the Bank, hence a connected person of the Bank.

Accordingly, the Transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Bank under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profit ratio) as defined under Rule 14.07 of the Listing Rules in respect of the annual caps for the Framework Agreement exceed 0.1% but are below 5%, the Transactions contemplated under the Framework Agreement are subject to the reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Messrs. ZHANG Zhaoxing, ZHU Chunxiu and WANG Shuhui, being common directors of the Bank and Yuexiu Holdings, abstained from voting on the resolutions approving the Framework Agreement and the Transactions contemplated thereunder (including the annual caps). Save as disclosed above, none of the Directors has any material interest in the Framework Agreement and the Transactions contemplated thereunder (including the annual caps) nor were any of them required to abstain from voting on the resolutions passed by the Board in connection therewith.

## **GENERAL INFORMATION**

The CHB Group is principally engaged in the provision of banking and related financial services.

Yuexiu Holdings is a limited liability company incorporated in the PRC which is beneficially wholly-owned by the Guangzhou Municipal People's Government of the PRC. Yuexiu Holdings, through its various subsidiaries, is principally engaged in various businesses including (among others) financial business, property development, transport infrastructure, construction and others.

## **DEFINITIONS**

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

“associate(s)”	shall have the meaning ascribed to it under the Listing Rules
“Bank”	Chong Hing Bank Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange (Stock Code: 01111)
“Board”	the board of Directors of the Bank
“CHB Group”	collectively, the Bank and its subsidiaries
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Bank

“Framework Agreement”	the framework agreement dated 17 June 2016 entered into between the Bank and Yuexiu Holdings in relation to the Transactions
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) who is/are not connected person (within the meaning of the Listing Rules) of the Bank and is/are independent of and not connected with the Bank and any directors, chief executive or substantial shareholders of the Bank, its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macao Special Administrative Region of the People’s Republic of China)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	shall have the meaning ascribed to it under the Listing Rules
“Transaction(s)”	as defined under the paragraph headed “Subject matter” of this announcement
“Yuexiu Holdings”	廣州越秀集團有限公司 (Guangzhou Yue Xiu Holdings Limited*), which is a limited liability company incorporated in the PRC beneficially wholly-owned by the Guangzhou Municipal People’s Government of the PRC
“Yuexiu Holdings Private Group”	Yuexiu Holdings and its non-listed subsidiaries (excluding, for the avoidance of doubt, YXP, YXP’s subsidiaries, YXT, YXT’s subsidiaries, Yuexiu REIT, Yuexiu REIT’s subsidiaries, CHB Group and any other company or entity listed on the Stock Exchange or any other stock exchange that becomes a subsidiary of Yuexiu Holdings after the date of the Framework Agreement)
“Yuexiu REIT”	Yuexiu Real Estate Investment Trust (越秀房地產投資信託基金), a Hong Kong collective investment scheme constituted as a unit trust and authorised under Section 104 of the Securities and Futures Ordinance subject to applicable conditions from time to time (whose undivided units are listed on the Stock Exchange, Stock Code: 00405) and the companies controlled by it, as the context requires

“YXP”	Yuexiu Property Company Limited (越秀地產股份有限公司), a limited liability company incorporated under the laws of Hong Kong and the shares of which are listed on the Stock Exchange (Stock Code: 00123) and on Singapore Exchange Securities Trading Limited
“YXT”	Yuexiu Transport Infrastructure Limited (越秀交通基建有限公司), an exempted company incorporated in Bermuda, the shares of which are listed on the Stock Exchange (Stock Code: 01052).
“%”	per cent.

By order of the Board  
**Chong Hing Bank Limited**  
**Lai Wing Nga**  
*Company Secretary*

Hong Kong, 17 June 2016

*As at the date of this announcement, the Board of the Bank comprises:*

- *Executive Directors*  
Mrs Leung Ko May Yee Margaret (Deputy Chairman, Managing Director and Chief Executive),  
Mr Zong Jianxin (Deputy Managing Director) and Mr Lau Wai Man (Deputy Managing Director);
- *Non-executive Directors*  
Mr Zhang Zhaoxing (Chairman), Mr Zhu Chunxiu, Mr Wang Shuhui, Mr Li Feng and Mr Chow Cheuk Yu Alfred; and
- *Independent non-executive Directors*  
Mr Chiranakhorn Wanchai, Mr Cheng Yuk Wo, Mr Ma Chiu Cheung Andrew, Mr Lee Ka Lun and Mr Yu Lup Fat Joseph.

*\* for identification purpose only*