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**遠東宏信有限公司**  
**FAR EAST HORIZON LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 3360)**

**CONTINUING CONNECTED TRANSACTIONS  
RENEWED SHIP CHARTER FRAMEWORK AGREEMENT  
AND  
PROPERTY LEASING FRAMEWORK AGREEMENT**

On 3 December 2014:

- 1) the Company and Sinochem Group entered into the Renewed Ship Charter Framework Agreement with the same principal terms of the Ship Charter Framework Agreement; and
- 2) the Company and Sinochem Group entered into the Property Leasing Framework Agreement, pursuant to which Sinochem Group has agreed that it will and will procure its associates to agree to provide property leasing services to the Group.

Sinochem Group is a substantial shareholder of the Company and therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the ongoing transactions contemplated under the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement will constitute continuing connected transactions of the Company.

As the highest applicable percentage ratios in respect of the proposed annual caps under each of the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement exceed 0.1% but are less than 5%, the entering into of the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement and the proposed annual caps thereunder are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

**RENEWED SHIP CHARTER FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 5 December 2012 in relation to the entering into of the Ship Charter Framework Agreement.

On 5 December 2012, the Company and Sinochem Group entered into the Ship Charter Framework Agreement, pursuant to which the Company had agreed that the Group would provide ship chartering and other related products and services to Sinochem Group and/or its subsidiaries and associates. The Ship Charter Framework Agreement will expire on 31 December 2014.

On 3 December 2014, the Company and Sinochem Group entered into the Renewed Ship Charter Framework Agreement with the same principal terms of the Ship Charter Framework Agreement, details of which are set out below:

- Date: 3 December 2014
- Parties: The Company and Sinochem Group
- Nature of transaction: The Group will provide ship chartering and other related products and services to Sinochem Group and/or its subsidiaries and associates.
- Term: The Renewed Ship Charter Framework Agreement shall become effective on 1 January 2015 and its initial term shall expire on 31 December 2017. Upon expiry of such initial term, subject to the fulfillment of the relevant requirements of the Listing Rules, its term shall automatically be extended for further terms of three years each, unless a written notice of termination is served by one party to the other at least three months prior to the expiry of each such term.
- Pricing: The prices of products and services to be provided under the Renewed Ship Charter Framework Agreement shall be fair and reasonable. The charterhire and other fees payable under the Renewed Ship Charter Framework Agreement shall be determined in accordance with applicable market prices, i.e., the price at which the same or comparable type of products or services are provided from or to (as appropriate) independent third parties in the same area in the ordinary course of business.
- Individual agreements: During the term of the Renewed Ship Charter Framework Agreement, members of the Group and Sinochem Group and/or its subsidiaries and associates may enter into individual agreements from time to time in respect of the provision of ship chartering and other related products and services upon and subject to the terms and conditions in compliance with those of the Renewed Ship Charter Framework Agreement.

## **PROPERTY LEASING FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 30 December 2011, 7 August 2012, 27 March 2013, 21 August 2013 and 4 December 2013 in relation to leasing properties by the Group from Sinochem Group and its associates.

In light of its needs in business operation, the Group had entered into separate property leases with Sinochem Group and its associates from time to time. All of these property leases shall terminate on 31 December 2014.

On 3 December 2014, the Company and Sinochem Group entered into the Property Leasing Framework Agreement, pursuant to which Sinochem Group has agreed that it will and will procure its associates to agree to provide property leasing services to the Group.

The principal terms of the Property Leasing Framework Agreement are set out below:

Date: 3 December 2014

Parties: The Company and Sinochem Group

Nature of transaction: Sinochem Group agrees, and will procure its associates to agree to provide property leasing services to the Group during the term of the Property Leasing Framework Agreement, in accordance with the terms and conditions of the Property Leasing Framework Agreement and the reasonable demands of the Group from time to time.

Term: 1 January 2015 to 31 December 2017

Upon expiry of such initial term, subject to the fulfillment of the relevant requirements of the Listing Rules, its term shall automatically be extended for further terms of three years each, unless a written notice of termination is served by one party to the other at least three months prior to the expiry of each such term.

Individual Lease Contracts: In compliance with the provisions and conditions of the Property Leasing Framework Agreement, Sinochem Group and its associates shall enter into separate lease contracts more specific to the provision of property leasing services (the “**Individual Lease Contracts**”) with the Company and/or its subsidiaries. The terms and conditions of the Individual Lease Contracts shall be determined by the signing parties through negotiation based on the principle of fair and reasonable.

The term of each of the Individual Lease Contracts cannot exceed 31 December 2017.

Pricing: Unless otherwise provided in the Property Leasing Framework Agreement, the Company and/or its subsidiaries shall pay to Sinochem Group and/or its associates rent and related fees for leasing properties in accordance with the Property Leasing Framework Agreement and the Individual Lease Contracts.

The amount of rent and related fees and the payment method will be set out in each of the Individual Lease Contracts, but the pricing principles below shall be followed:

The rent and related fees shall be determined under the principle of fair and reasonable and on normal commercial terms, i.e., on terms no less favourable to the Group provided from or to (as appropriate) independent third parties under the same circumstances.

## **INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES**

To ensure the Company's conformity with the above pricing policies in relation to the continuing connected transactions contemplated under the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement from time to time, the Company has adopted and would continue to strengthen a series of internal control policies for its daily operation.

In respect of such continuing connected transactions, the internal control policies are conducted and supervised by the financial department of the Company, who are responsible for (i) collecting detailed information (including but not limited to the pricing terms, payment arrangements and actual transaction amount under each of the individual contracts/agreements) of the continuing connected transactions on a regular basis; (ii) monitoring whether the transaction terms and pricing and other terms under each of the individual contracts/agreements are consistent with the principles established under the framework agreements in respect of the continuing connected transactions; (iii) conducting evaluation on the fairness of the transaction terms and the pricing terms; and (iv) reporting relevant information to the Board in a timely manner.

In addition, the independent non-executive Directors of the Company have reviewed and would continue to review the continuing connected transactions to ensure that they are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of such agreements. The auditors of the Company would also conduct an annual review on the pricing terms and annual caps of such continuing connected transactions.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policies) under the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and its shareholders as a whole.

## **HISTORICAL FIGURES FOR THE TWO YEARS ENDED 31 DECEMBER 2013 AND THE NINE MONTHS ENDED 30 SEPTEMBER 2014**

### **Ship Chartering**

The historical amounts for the transactions under the Ship Charter Framework Agreement paid by Sinochem Group and/or its subsidiaries and associates to the Group for the two years ended 31 December 2013 and the nine months ended 30 September 2014 were US\$1,363,744, US\$3,686,289 and US\$3,252,141, respectively.

### **Property Leasing**

The historical total amounts for the property leasing transactions paid by the Group to Sinochem Group and/or associates for the two years ended 31 December 2012 and 2013 and the nine months ended 30 September 2014 were RMB42,816,938, RMB50,994,134 and RMB41,674,601, respectively.

## **ANNUAL CAPS FOR THE THREE YEARS ENDING 31 DECEMBER 2017**

### **Ship Chartering**

The proposed annual caps, being the total charterhire and other related fees payable by Sinochem Group and/or its subsidiaries and associates to the Group under the Renewed Ship Charter Framework Agreement, for the three years ending 31 December 2017 are US\$5,400,000, US\$6,500,000 and US\$7,800,000 per annum, respectively.

### **Property Leasing**

The proposed annual caps, being the total rent and related fees payable by the Group to Sinochem Group and/or its associates under the Property Leasing Framework Agreement, for the three years ending 31 December 2017 are RMB68,000,000, RMB71,000,000 and RMB75,000,000 per annum, respectively.

### **Basis of the Annual Caps**

#### **Ship Chartering**

The proposed annual caps for the transactions contemplated under the Renewed Ship Charter Framework Agreement were determined by the Directors with reference to (i) the historical transaction amounts; (ii) an expected approximate 20% growth in the demand for our ship charting and other related products and services for each of the three years ending 31 December 2017; and (iii) an expected approximate 20% growth in the charterhire for the period of three years ending 31 December 2017 compared with that for the year ending 31 December 2014.

#### **Property Leasing**

The proposed annual caps for the transactions contemplated under the Property Leasing Framework Agreement were determined by the Directors with reference to (i) the historical transaction amounts; (ii) an expected approximate 10% growth in the demand by the relevant parties for leasing of properties for the year ending 31 December 2015; (iii) an expected approximate 10% growth in the rent for the year ending 31 December 2015; and (iv) an expected approximate 5% consolidated growth in transaction amounts for each of the two years ending 31 December 2017, taking into account the increase in demand by the relevant parties and the expected growth in the rent.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWED SHIP CHARTER FRAMEWORK AGREEMENT AND THE PROPERTY LEASING FRAMEWORK AGREEMENT**

The Group carries on ship chartering in its ordinary course of business. Sinochem Group is a large-scale enterprise with variety of business interests. From time to time, Sinochem Group and its subsidiaries and/or associates require the charter of vessels to transport cargo between ports.

In light of its needs in business operation, the Group had entered into separate property leases with Sinochem Group and its associates from time to time. All of these property leases shall terminate on 31 December 2014. As the Group has already been occupying and leasing the same units at prevailing market rates from Sinochem Group and its associates, the Directors are of the view that substantial time and costs can be saved if the Group renews the individual leases entered into with Sinochem Group and its associates instead of moving to other buildings. In addition, by entering into the Property Leasing Framework Agreement, the Company will be in a better position to regulate and monitor the transactions contemplated thereunder.

The Directors (including the independent non-executive Directors) consider that the transactions under the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement are entered into after arm's length negotiations and based on normal commercial terms; and the terms of such transactions and the proposed annual caps are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

By virtue of the positions held in Sinochem Group by each of Mr. Liu Deshu and Mr. Yang Lin, all being Directors, they are considered to have a material interest in the entering into of the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement, and have abstained from voting on the resolutions approving the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement.

## **INFORMATION REGARDING THE COMPANY AND SINOCEM GROUP**

The Group is a leading provider of innovative financial services in the PRC, specialising in providing financing solutions through finance leasing to customers in target industries in the PRC. The Company also provides value-added services, including advisory, trading, commercial factoring and brokerage, etc, to these customers as well as ship brokerage and chartering services.

Sinochem Group is a state-owned enterprise under the supervision of State-owned Assets Supervision and Administration Commission of the State Council of the PRC. Sinochem Group is currently one of the largest state-owned conglomerates in the PRC. Its business covers a range of sectors including energy, agriculture, chemical, real estate and financial service.

## **IMPLICATIONS UNDER THE LISTING RULES**

Sinochem Group is a substantial shareholder of the Company and therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement will constitute continuing connected transactions of the Company.



As the highest applicable percentage ratios in respect of the proposed annual caps under each of the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement exceed 0.1% but are less than 5%, the entering into of the Renewed Ship Charter Framework Agreement and the Property Leasing Framework Agreement and the proposed annual caps are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under the Listing Rules.

## DEFINITIONS

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Company”	Far East Horizon Limited (遠東宏信有限公司), a company incorporated in Hong Kong with limited liability and listed on the Stock Exchange (stock code: 3360)
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, and, for the purpose of this announcement, excluding Taiwan or Hong Kong and Macau Special Administrative Regions
“Property Leasing Framework Agreement”	the property leasing framework agreement dated 3 December 2014 entered into between the Company and Sinochem Group in relation to the provision of property leasing services by Sinochem Group and its associates to the Group
“Renewed Ship Charter Framework Agreement”	the ship charter framework agreement dated 3 December 2014 entered into between the Company and Sinochem Group with the same principal terms of the Ship Charter Framework Agreement
“Ship Charter Framework Agreement”	the ship charter framework agreement dated 5 December 2012 entered into between the Company and Sinochem Group in relation to the provision of ship chartering and other related products and services by the Group to Sinochem Group and/or its subsidiaries and associates

“Sinochem Group”	中國中化集團公司(Sinochem Group) (formerly known as China National Chemicals Import & Export Corporation), a stated-owned enterprise established in the PRC, a substantial shareholder of the Company and therefore is a connected person of the Company
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

By order of the Board  
**Far East Horizon Limited**  
**KONG Fanxing**  
*Chief Executive Officer and Executive Director*

Hong Kong, 3 December 2014

*As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing and Mr. WANG Mingzhe, the non-executive directors of the Company are Mr. LIU Deshu (Chairman), Mr. YANG Lin, Mr. LIU Haifeng David, Mr. KUO Ming-Jian and Mr. John LAW, and the independent non-executive directors of the Company are Mr. CAI Cunqiang, Mr. HAN Xiaojing, Mr. LIU Jialin and Mr. YIP Wai Ming.*