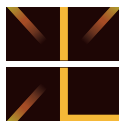


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中電光谷

CEC OPTICS VALLEY

China Electronics Optics Valley Union Holding Company Limited

中電光谷聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 798)

CONTINUING CONNECTED TRANSACTIONS

FINANCIAL SERVICES AGREEMENT

FINANCIAL SERVICES AGREEMENT

On 27 September 2017, the Company entered into the Financial Services Agreement with CEC Finance. Pursuant to the Financial Services Agreement, CEC Finance has agreed to provide, *inter alia*, certain deposit services to the Group in accordance with the terms and conditions set out in the Financial Services Agreement. CEC Finance is a non-banking financial institution established with the approval of the CBRC.

LISTING RULES IMPLICATIONS

CEC Finance is a subsidiary of CEC Corporation, which, in turn, is the ultimate holding company of CECH, the controlling shareholder of the Company. Therefore, CEC Finance is a connected person of the Company under the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum daily balance of the funds settlement balance (deposit amount) under the Financial Services Agreement exceeds 0.1% but is less than 5%, the deposit services to be provided by CEC Finance to the Group are subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules but are exempt from the independent shareholders' approval under the Listing Rules.

INTRODUCTION

On 27 September 2017, the Company entered into the Financial Services Agreement with CEC Finance. Pursuant to the Financial Services Agreement, CEC Finance has agreed to provide, *inter alia*, certain deposit services to the Company in accordance with the terms and conditions set out in the Financial Services Agreement. CEC Finance is a non-banking financial institution established with the approval of the CBRC.

FINANCIAL SERVICES AGREEMENT

Date: 27 September 2017

Parties: (a) The Company
(b) CEC Finance

Effective date and term

The Financial Services Agreement shall become effective on the date of the Financial Services Agreement and has a term of three years commencing on 27 September 2017 and ending on 26 September 2020. The term of the Financial Services Agreement can be extended on a mutually agreed basis.

The transactions under the Financial Services Agreement are non-exclusive and the Group has the right to decide whether it requires and accepts the relevant financial services to be provided by CEC Finance. The Group may also engage the relevant financial services offered by other financial institutions during the term of the Financial Service Agreement.

Deposit services

CEC Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (a) the interest rate for the deposit of the Group's funds with CEC Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same duration; and
- (b) maximum daily balance of the funds settlement balance (deposit amount) placed by the Group with CEC Finance shall not exceed RMB120 million (equivalent to approximately HK\$141 million) for each of the three years ending 26 September 2020.

Other terms of the Financial Services Agreement

In addition to the abovementioned deposit services, CEC Finance has also agreed to provide the following financial services to the Group:

(1) *Loan services*

CEC Finance shall provide certain loan services to the Group pursuant to the Financial Services Agreement. As the said loan services to be provided by CEC Finance to the Group shall be on normal commercial terms similar to or more favourable than those offered by other financial institutions for the provision of comparable services in the PRC and are for the benefit of the Group, and that the Company expects that no security over the assets of the Group will be granted in respect of such loan services, the loan service to be provided by CEC Finance to the Group under the Financial Services Agreement will be exempt from all reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For completeness, the major terms of the said loan services to be provided by CEC Finance to the Group are set out below for shareholders' information:

- (a) the loan services to be provided by CEC Finance include the provision of loans and the grant of credit facilities within the scope allowed by the laws, regulations and policies of the PRC and in accordance with the requirements of the CBRC;
- (b) the interest rate for the loan services to be provided by CEC Finance to the Group shall, subject to the compliance of the relevant requirements of the People's Bank of China in relation to the interest of loans, not exceed interest rate for the same type of loan provided by other financial institutions in the PRC to the Group for the same period; and
- (c) CEC Finance shall provide a credit facility in respect of the loan services of up to RMB600 million to the Group.

(2) *Miscellaneous financial services*

CEC Finance shall also provide certain other miscellaneous financial services to the Group pursuant to the Financial Services Agreement. In respect of the provision of such financial services by CEC Finance to the Group, as the Company expects that all the percentage ratios (if applicable) of the relevant annual fees payable by the Group to CEC Finance in aggregate will be below 0.1%, the provision of such financial services by CEC Finance to the Group will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For completeness, the major terms of the provision of such financial services by CEC Finance to the Group are set out below for shareholders' information:

- (a) the miscellaneous financial services include the provision of investment and financial advisory and consultation services, provision of guarantees, provision of entrusted loans services and settlement services by CEC Finance to the Group; and
- (b) the fees to be charged by CEC Finance for the provision of the miscellaneous financial services shall not exceed the rate for the same type of services provided by other financial institutions in the PRC to the Group in the same period.

PROPOSED ANNUAL CAPS AND REASONS

Deposit services

The Board, having considered (i) the historical cash position of the Group; (ii) the future business development plan and financial requirements of the Group and (iii) the expected amount of interest income from CEC Finance, proposed that the maximum daily balance of funds settlement balance (deposit amount) placed by the Group with CEC Finance pursuant to the Financial Services Agreement shall not exceed the following caps for each of the three years ending 26 September 2020:

	From 27 September 2017 to 26 September 2018	From 27 September 2018 to 26 September 2019	From 27 September 2019 to 26 September 2020
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Annual caps	120 million	120 million	120 million

The Directors (including the independent non-executive Directors) consider that the above annual caps in respect of the deposit services are fair and reasonable.

Loan services and miscellaneous financial services

As disclosed above, the provision of loan services and miscellaneous financial services by CEC Finance to the Group are expected to be exempt from the reporting, announcement and independent shareholders' requirements under the Listing Rules according to Chapter 14A of the Listing Rules. As such, no annual cap is required to be set in such regard.

INTERNAL CONTROL PROCEDURES

In order to secure the Group's interests, CEC Finance has given certain undertakings under the Financial Services Agreement, pursuant to which:

1. CEC Finance shall ensure that it is in strict compliance with the requirements of the relevant PRC financial laws and regulations;

2. CEC Finance shall forthwith notify the Company and take necessary measures upon the occurrence of circumstances that may have a material adverse effect on CEC Finance or that may jeopardise the security of the Group's deposits; and
3. CEC Finance has confirmed that its substantial shareholder CEC Corporation had agreed that, in the event that CEC Finance confronts difficulties in making payment, CEC Corporation shall provide support by injecting additional capital into CEC Finance according to the practical situations.

The Company has also adopted certain internal control procedures relevant to the deposit of funds with CEC Finance, pursuant to which:

1. the Company will regularly obtain quotation from other independent financial institutions (which shall be major commercial banks in the PRC) in relation to the financial services provided by CEC Finance in order to ensure that the terms and conditions offered by CEC Finance are in compliance with the terms set out in the Financial Service Agreement;
2. the financial management department of the Company will closely monitor the transactions under the Financial Service Agreement and will report to the management of the Company on a monthly basis; and
3. the Company has established a contingency plan in order to maintain the safety of the Company's funds deposited with CEC Finance.

The Board considers that the above undertakings given by CEC Finance and the internal control procedures adopted by the Group in respect of the transactions under the Financial Services Agreement are appropriate and that they will give sufficient assurance to the shareholders that the transactions under the Financial Services Agreement will be appropriately monitored by the Company.

REASONS FOR AND BENEFITS OF THE FINANCIAL SERVICES AGREEMENT

Having considered that the interest rates offered by and/or the rates charged by the CEC Finance for the deposit services, loan services and miscellaneous financial services under the Financial Service Agreement shall be equal to or more favourable than those offered and/or charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the Company, the Board considers that the transactions under the Financial Services Agreement will enable the Group to improve the efficiency of its fund utilisation. Further, CEC Finance is a subsidiary of CEC Corporation and a non-banking financial institution established with the approval of the CBRC, which is principally engaged in the provision of various financial services such as deposit services, loan services and settlement services. As the activities of CEC Finance are regulated by the CBRC, with the undertakings given by CEC Finance and the Company's adoption of

the relevant internal control procedures as set out in the section headed “Internal control procedures” above, the Board considers that appropriate measures have been adopted to ensure the safety of the Group’s funds that will be deposited with CEC Finance.

In light of the above, the Directors (including independent non-executive Directors) consider that the Financial Services Agreement has been negotiated on arm’s length basis and is on normal commercial terms or better and in the ordinary and usual course of business of the Group. The terms of the Financial Services Agreement, the transactions contemplated thereunder, the proposed cap in respect of the deposit services and the estimated fees payable for the other relevant financial services are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Group is a leading large-scale business park developer and operator primarily focusing on the development and operation of business parks with distinctive industry themes located in the PRC.

The Company approved the Financial Services Agreement and the transactions contemplated thereunder in the Board meeting held on 26 September 2017. At the aforesaid Board meeting, Ms. Wang Qiuju and Mr. Xiang Qunxiong have abstained from voting in respect of the resolutions approving such transactions in view of their respective positions in CEC Corporation and its subsidiaries. Save as disclosed above, none of the Directors has a material interest in such transactions and have abstained from voting.

LISTING RULES IMPLICATIONS

CEC Finance is a subsidiary of CEC Corporation, which, in turn, is the ultimate holding company of CECH, the controlling shareholder of the Company. Therefore, CEC Finance is a connected person of the Company under the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum daily balance of the fund settlement balance (deposit amount) under the Financial Services Agreement exceeds 0.1% but is less than 5%, the deposit services to be provided by CEC Finance to the Group are subject to the reporting, announcement and annual review requirements of Chapter 14A of the Listing Rules but are exempt from the independent shareholders’ approval under the Listing Rules.

If the Group is required to provide any security over its assets in respect of the loan services or if any transaction amount in respect of the miscellaneous financial services is expected to exceed the exemption threshold in the future, the Group will comply with the applicable requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission
“CEC Corporation”	China Electronics Corporation Limited* (中國電子信息產業集團有限公司), a company established under the laws of the PRC and the ultimate holding company of CECH
“CEC Finance”	China Electronics Financial Co., Ltd.* (中國電子財務有限責任公司), a company established under the laws of the PRC and a subsidiary of CEC Corporation
“CECH”	China Electronics Corporation Holdings Company Limited (中國電子集團控股有限公司*), a company incorporated in the Cayman Islands and continued in Bermuda with limited liability and the first largest shareholder of the Company
“Company”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Financial Services Agreement”	the financial services agreement dated 27 September 2017 entered into between the Company and CEC Finance
“Group”	the Company and its subsidiaries
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.18 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

* *For identification purpose only*

By Order of the Board
China Electronics Optics Valley Union Holding Company Limited
Huang Liping
Chairman

Wuhan, Hubei, the People’s Republic of China
27 September 2017

As at the date of this announcement, the directors of the Company are Mr. Huang Liping and Mr. Hu Bin as executive directors; Mr. Lu Jun, Ms. Wang Qiuju, Mr. Xiang Qunxiong and Mr. Zhang Jie as non-executive directors; Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin as independent non-executive directors.