

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



OP FINANCIAL LIMITED

東英金融有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1140)

**CONTINUING CONNECTED TRANSACTIONS – ENTERING INTO
SERVICE AGREEMENT AND
CONNECTED TRANSACTION – PRINCIPAL AND
INTEREST PAYABLE OF THE PROMISSORY
NOTE OFFSETTING SERVICE FEE**

ENTERING INTO SERVICE AGREEMENT

On 29 July 2019 (after trading hours), the Company entered into the Service Agreement with FCSSC, pursuant to which FCSSC will provide a number of services to the Company with a term of three years from 30 July 2019.

**PRINCIPAL AND INTEREST PAYABLE OF THE PROMISSORY NOTE
OFFSETTING SERVICE FEE**

Reference is made to the announcement of the Company dated 20 June 2016 in relation to the subscription by the Company of the Promissory Note issued by FCSSC in the principal amount of HK\$9,500,000, pursuant to which FCSSC shall pay the principal amount of HK\$9,500,000 and the interest of HK\$475,000, totalling HK\$9,975,000 to the Company on the maturity date of the Promissory Note, being 21 June 2019.

Pursuant to the Service Agreement, the principal and interest payable by FCSSC under the Promissory Note will be used to fully set off against the service fee payable by the Company to FCSSC on one-off basis, and the Company shall have no further obligation to pay any expenses.

* For identification purpose only

LISTING RULES IMPLICATIONS

FCSSC is owned as to 50% by Mr. Zhang and 50% by Mr. Cai Esheng. Mr. Zhang is an executive Director of the Company and Mr. Cai Esheng is independent of and not connected with the Company and its connected persons. Therefore, FCSSC is an associate of Mr. Zhang and a connected person of the Company under the Listing Rules, therefore the transactions contemplated under the Service Agreement constitute continuing connected transactions for the Company, and the principal and interest payable of the Promissory Note offsetting service fee constitutes a connected transaction of the Company. As all of the applicable percentage ratios (other than the profits ratio) with reference to the largest annual cap of the Service Agreement are less than 0.1%, the transactions contemplated under the Service Agreement are fully exempted from the requirements under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (other than the profits ratio) of the principal and interest payable of the Promissory Notes offsetting service fee are less than 5%, the principal and interest payable of the Promissory Notes offsetting service fee is exempted from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The board of directors of the Company hereby announces that on 29 July 2019, the Company entered into the Service Agreement with FCSSC, pursuant to which FCSSC will provide a number of services to the Company.

PRINCIPAL TERMS OF THE SERVICE AGREEMENT

The principal terms (among others) of the Service Agreement are set out below:

PARTIES

1. FCSSC; and
2. The Company

SCOPE OF SERVICES

Throughout the world, in particular, the countries of South-South Cooperation and the PRC, the services provided by FCSSC to the Company include but are not limited to the following contents:

1. international cooperative investment in production capacity;
2. corporate brand building;
3. investment and trade promotion;
4. talent exchange and training;

5. technology and capital introduction; and
6. industrial policy and international cooperation research.

The services provided by FCSSC can be tendered in the following manners:

1. recommend or introduce international capacity cooperation projects with social influence to the Company, organize international investigations for the Company;
2. set up project teams to assist the Company in holding various promotional events, including but not limited to seminars on investment and brand building, exchange delegation, exhibition and other conferences;
3. arrange for the Company to attend various commercial activities, including but not limited to trade or investment promotion activities;
4. arrange for the Company to conduct investigation on the investment in relevant regions;
5. conduct other activities which are beneficial for expanding the international partner networks of the Company and increasing the investment opportunities of the Company with social influence; and
6. carry out various researches and inspections to provide the Company with information reports in political, economic, commercial and financial areas.

SERVICE TERM

The service is for a term of three years, commencing from 30 July 2019.

SERVICE FEE

Content	Price
Initial expansion cost	HK\$2,700,000
Service fee for the first year	HK\$2,425,000
Service fee for the second year	HK\$2,425,000
Service fee for the third year	HK\$2,425,000
	<hr/>
Total service fee	<u>HK\$9,975,000</u>

The Service Fee has been arrived at after arm's length negotiations, with reference to the cost and scope of FCSSC's services, as well as the value of similar service on the market.

PRINCIPAL AND INTEREST PAYABLE OF THE PROMISSORY NOTE OFFSETTING SERVICE FEE

FCSSC issued the Promissory Note in the principal amount of HK\$9,500,000 to the Company on 22 June 2016, details of which were disclosed in the announcement issued by the Company on 20 June 2016, and pursuant to which FCSSC shall pay the principal amount of HK\$9,500,000 and the interest of HK\$475,000, with total principal and interest payable of HK\$9,975,000, to the Company on the maturity date of the Promissory Note, being 21 June 2019. The Company and FCSSC have agreed that the principal and interest payable by FCSSC under the Promissory Note will be used to fully set off against the service fee payable by the Company to FCSSC under the Agreement on one-off basis, and the Company shall have no further obligation to pay any fee.

ANNUAL CAPS

The Company has set the following annual caps against service fee:

Terms	Annual caps
For the year ended 29 July 2020	HK\$5,125,000
For the year ended 29 July 2021	HK\$2,425,000
For the year ended 29 July 2022	HK\$2,425,000

Annual caps above were determined by Directors with reference to terms under the Service Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SERVICE AGREEMENT AND PRINCIPAL AND INTEREST PAYABLE OF THE PROMISSORY NOTE OFFSETTING SERVICE FEE

The Company is an investment company under Chapter 21 of the Listing Rules, with the mandate allowing the Company to invest globally in various assets, equities, debts, financial instruments, investment funds and partnerships, investment structures, businesses and special situations. The Company aims to produce medium to long term shareholder returns through capital appreciation, dividend and fixed income.

FCSSC is a non-profit international organization founded in April 2014, and has been in Special Consultative Status with ECOSOC of the United Nations since 2017. It is an integral platform set under the United Nation's Sustainable Development Agenda framework, specializing in providing production capacity cooperation, development experience exchange and financial services for South-South Cooperation, with an aim to facilitate the practical cooperation among governments and enterprises of developing countries, including international development organizations and aid agencies. Since its inception, FCSSC has actively promoted international production capacity cooperation and provided strategic consulting services to developing countries to help China and other emerging economies attract business and investment. FCSSC has also promoted experience exchanges through high-standard forums, training programs and the creation of think tank networks and industry research institutes. Therefore, FCSSC has strong network and rich experience in the areas of

sustainable and inclusive investment and development. Entering into the Service Agreement will further strengthen the cooperation between the Company and FCSSC, enabling the Company to benefit from the following aspects:

- (1) FCSSC has formed solid and positive basis of cooperation with nations of the global South, international financial institutions, multilateral development agencies and Chinese companies with strong incentive and capabilities to expand their businesses worldwide. Entering into Service Agreement will enable the Company to benefit from the vast network and extensive experience of FCSSC, thereby expanding the international network of partners and the investment opportunities with social influence, especially in such countries as Indonesia, Thailand, Vietnam and India.
- (2) Since 2016, FCSSC has been engaged in cooperation with the United Nations Industrial Development Organization by co-hosting the “One Belt, One Road” Annual Conference on Urban Development, with an aim to build a platform of dialogue for stakeholders, help developing countries to discover an innovative solution to achieve new type of industrialization that is environmentally friendly, and work actively to facilitate the trade and investment flows along the “One Belt, One Road”. In October 2018, the 3rd “One Belt, One Road: Urban Green Economy Development Conference” was held in Vienna, Austria. Therefore, entering into the Service Agreement will facilitate the implementation of the Company’s strategic objectives along the Belt and Road regions as well as promote investment in the area and provide considerable transnational investment opportunities to the Company.
- (3) FCSSC has initiated the establishment of a South-South social impact fund in cooperation with the United Nations Social Impact Fund, aimed at encouraging and facilitating financially viable investments which are able to bring positive impacts on sustainable development. In this regard, FCSSC could assist the Company to expand its investment scope and raise its social impact, meanwhile the fund is a suitable channel for the Company to serve its corporate social responsibility in a more sustainable and influential manner.
- (4) FCSSC and the United Nations Office for South-South Cooperation have successfully held the South-South Cooperation in a Digital Era side-event in Buenos Aires, and jointly launched an information network platform called South-South Galaxy for South-South cooperation and issued the 2018 South-South Cooperation Annual Report titled “South-South Cooperation in a Digital World”, hoping to strengthen technical cooperation among developing countries in the digital era, and promote the investment and knowledge and experience exchanges in terms of digital infrastructure and human capital among South-South countries. Therefore, entering into the Service Agreement will help to provide the Company with the most updated economic and financial information.
- (5) FCSSC has reached agreements with various parties to jointly build special economic zones and industrial parks in South-South nations. Such approach will create tremendous opportunities for international capacity cooperation and stimulate overseas investments which are aligned with the commercial interest of the Company.

- (6) FCSSC has established close cooperation relationship with leading research institutions and think tanks in the PRC and other parts of the world. Thus, entering into the Services Agreement will offer the Company the opportunity to utilize the research resources and the network of FCSSC for further commercial interests.

Based on the above, the Directors believe that entering into the Service Agreement and principal and interest payable of the Promissory Note offsetting service fee will help the Company expand its investment into other parts of the world through FCSSC.

The Directors consider that entering into the Service Agreement and principal and interest payable of the Promissory Note offsetting service fee is in line with the business expansion strategy of the Company. The Directors (including the independent non-executive Directors) are of the view that the terms of the Service Agreement (including respective terms of the principal and interest payable of the Promissory Note offsetting service fee) and the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

FCSSC is owned as to 50% by Mr. Zhang and 50% by Mr. Cai Esheng. Mr. Zhang is an executive Director of the Company and Mr. Cai Esheng is independent of and not connected with the Company and its connected persons. Therefore, FCSSC is an associate of Mr. Zhang and a connected person of the Group under the Listing Rules, therefore the Service Agreement constitutes a continuing connected transaction for the Company, and the principal and interest payable of the Promissory Note offsetting service fee constitutes a connected transaction of the Company.

As all of the applicable percentage ratios (other than the profits ratio) with reference to the largest annual cap of the Service Agreement are less than 0.1%, the transactions contemplated under the Service Agreement are fully exempted from the requirements under Chapter 14A of the Listing Rules. As all of the applicable percentage ratios (other than the profits ratio) of the principal and interest payable of the Promissory Notes offsetting service fee are less than 5%, the principal and interest payable of the Promissory Notes offsetting service fee are exempted from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules. By virtue of Mr. Zhang's interest in FCSSC, he has abstained from voting on the Board resolution to approve the Service Agreement and the principal and interest payable of the Promissory Note offsetting service fee.

DEFINITIONS

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

“associate(s)”	have the same meanings ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	OP Financial Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“FCSSC”	Finance Center for South-South Cooperation Limited, a company limited by guarantee incorporated in the Hong Kong on 14 May 2014 and a connected person of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Zhi Ping, an executive Director of the Company
“PRC”	the People’s Republic of China
“Promissory Note”	the promissory note in the principal amount of HK\$9,500,000 issued by the FCSSC to the Company on 22 June 2016
“Share(s)”	ordinary share(s) with nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“South-South Cooperation”	a framework for collaboration among nations of the global South in the political, economic, social, cultural, environmental and technical domains that can take place on a bilateral, regional, sub-regional, or inter-regional basis, involving developing countries that share knowledge, skills, expertise and resources to meet their development goals

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
OP Financial Limited
Zhang Gaobo
Executive Director and Chairman

Hong Kong, 29 July 2019

As at the date of this announcement, the Board comprises four executive Directors, namely, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo, Dr. Liu Zhiwei and Mr. Zhang Weidong; one non-executive Director, namely Dr. Wu Zhong; and five independent non-executive Directors, namely, Mr. Kwong Che Keung, Gordon, Professor He Jia, Mr. Wang Xiaojun, Mr. Chen Yuming and Dr. Fu Weigang.