

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 disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國光大控股有限公司
CHINA EVERBRIGHT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 165)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS

The Board announces that on 28 December 2023, the Company and CE Group entered into the New Framework Agreements with respect to asset management services, brokerage services, custodian services and deposit services for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026.

As at the date of this announcement, CE Group, through its wholly-owned subsidiary CE Hong Kong, is interested in approximately 49.74% of the total number of issued shares of the Company and is a controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, CE Bank is an associate of CE Group. Accordingly, CE Group and CE Bank are connected persons of the Company pursuant to the Listing Rules and the transactions contemplated under the New Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the respective New Framework Agreements are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated under each of the New Framework Agreements will be subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 28 December 2020 in relation to certain continuing connected transactions (including asset management services, brokerage services, custodian services and deposit services) between the Company and CE Group for the three years ending 31 December 2023.

The Board announces that on 28 December 2023, the Company and CE Group entered into the New Framework Agreements with respect to asset management services, brokerage services, custodian services and deposit services for a term of three years commencing from 1 January 2024 and expiring on 31 December 2026.

PARTICULARS OF THE CONTINUING CONNECTED TRANSACTIONS

1. Asset Management Services

The Group provides asset management services (including investment advisory services) to relevant members of CE Group.

Principal terms of the New Asset Management Services Framework Agreement

The principal terms of the New Asset Management Services Framework Agreement between the Company and CE Group are set out below.

Date: 28 December 2023

Parties: The Company; and
CE Group

Duration: The duration of the New Asset Management Services Framework Agreement will commence on 1 January 2024 and expire on 31 December 2026.

Material terms:

- The Group shall provide asset management services (including investment advisory services) to CE Group and its associates in respect of assets in the asset management services accounts designated by CE Group.
- The asset management services (including investment advisory services) provided shall be on normal commercial terms which are arrived at upon arm's length negotiation and are no less favourable than those available to similar or comparable independent third parties offered by the Group.
- The asset management services (including investment advisory services) provided under the New Asset Management Services Framework Agreement shall be non-exclusive. CE Group and its associates are at liberty to obtain asset management services (including investment advisory services) from third parties and the Group is at liberty to provide third parties with asset management services (including investment advisory services).

Pricing: The following factors will be considered in determining the asset management service fees payable by CE Group and its associates to the Group:

- the relevant service fees charged by the Group to other independent third party customers for similar asset management services; and
- the normal commercial terms offered by the Group to similar/comparable customers.

Historical figures and proposed annual caps

The following table sets out the historical figures in respect of the asset management services (including investment advisory services) provided by the Group to CE Group and its associates for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023.

	For the year ended 31 December 2021 <i>(in HK\$ million)</i>	For the year ended 31 December 2022 <i>(in HK\$ million)</i>	For the nine months ended 30 September 2023 <i>(in HK\$ million)</i>
Service fees	0.952	0.831	0.981

The Board has considered and proposed the following annual caps in respect of the asset management services (including investment advisory services) to be provided by the Group to CE Group and its associates for the three years ending 31 December 2026.

	For the year ending 31 December <i>(in HK\$ million)</i>		
	2024	2025	2026
Service fees	360	360	360

Reasons for the annual caps

The annual caps for the asset management services have been determined with reference to a number of factors, including, among other things, (i) the historical figures of the asset management service fees shown in the table above, (ii) the expected demand for asset management services (including investment advisory services) by CE Group and its associates, and (iii) the expected upturn in business activities.

2. Brokerage Services

The Group places cash, equity and debt securities in brokerage accounts with CE Group and its associates, and CE Group and its associates provide brokerage and ancillary services to the Group for customers of the Group, funds established and/or managed by members of the Group as well as proprietary trading of members of the Group (where such transactions constitute continuing connected transactions of the Company under the Listing Rules) in accordance with the relevant rules and regulations, as well as custodianship of the cash, equity and debt securities.

Principal terms of the New Brokerage Services Framework Agreement

The principal terms of the New Brokerage Services Framework Agreement between the Company and CE Group are set out below.

Date: 28 December 2023

Parties: The Company; and
CE Group

Duration: The duration of the New Brokerage Services Framework Agreement will commence on 1 January 2024 and expire on 31 December 2026.

Material terms:

- CE Group and its associates shall provide to the Group for customers of the Group, funds established and/or managed by members of the Group as well as proprietary trading of members of the Group (where such transactions constitute continuing connected transactions of the Company under the Listing Rules) brokerage and ancillary services in accordance with the relevant rules and regulations, and custodianship of the cash, equity and debt securities.
- The brokerage services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by CE Group and its associates to similar or comparable independent third party customers.

- The brokerage services provided under the New Brokerage Services Framework Agreement shall be non-exclusive and the Group is at liberty to obtain brokerage services from third parties.

Pricing: The following factors have been considered in determining the commission payable by the Group to CE Group and its associates:

- the relevant market price charged by other securities firms providing similar brokerage services;
- the normal commercial terms obtained by the Group for similar brokerage services; and
- the most favourable terms offered by CE Group and its associates to similar/comparable customers.

Historical figures and proposed annual caps

The following table sets out the historical figures in respect of the brokerage services provided by CE Group and its associates to the Group for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023.

	For the year ended 31 December 2021 <i>(in HK\$ million)</i>	For the year ended 31 December 2022 <i>(in HK\$ million)</i>	For the nine months ended 30 September 2023 <i>(in HK\$ million)</i>
Commission and other charges	22.517	14.844	0.008

The Board has considered and proposed the following annual caps in respect of the brokerage services to be provided by CE Group and its associates to the Group for the three years ending 31 December 2026.

	For the year ending 31 December <i>(in HK\$ million)</i>		
	2024	2025	2026
Commission and other charges	28	28	28

Reasons for the annual caps

The annual caps for the brokerage services have been determined with reference to a number of factors, including, among other things, (i) the historical figures of the relevant transactions, (ii) the potential growth in demand for brokerage services associated with the business growth of the Group, and (iii) the expected upturn in business activities.

3. Custodian Services

CE Group and its associates provide custodian services to the Group, including safekeeping of assets in custodian accounts, monitoring of investment activities, and reporting. The transactions are conducted through custodian accounts opened with CE Group and its associates in the name of the relevant member of the Group.

Principal terms of the New Custodian Services Framework Agreement

The principal terms of the New Custodian Services Framework Agreement between the Company and CE Group are set out below.

Date: 28 December 2023

Parties: The Company; and
CE Group

Duration: The duration of the New Custodian Services Framework Agreement will commence on 1 January 2024 and expire on 31 December 2026.

Material terms:

- CE Group and its associates shall provide to the Group custodian services including safekeeping of assets in custodian accounts, monitoring of investment activities, and reporting.
- The custodian services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by CE Group and its associates to similar or comparable independent third party customers.

- The custodian services provided under the New Custodian Services Framework Agreement shall be non-exclusive and the Group is at liberty to obtain custodian services from third parties.

Pricing: The following factors will be considered in determining the custodian fees payable by the Group to CE Group and its associates:

- the relevant market price charged by other service providers providing similar custodian services;
- the types of assets or capital under custody;
- the normal commercial terms obtained by the Group for similar custodian services; and
- the most favourable terms offered by CE Group and its associates to similar/comparable customers.

Historical figures and proposed annual caps

The following table sets out the historical figures in respect of the custodian services provided by CE Group and its associates to the Group for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023.

	For the year ended 31 December 2021 <i>(in HK\$ million)</i>	For the year ended 31 December 2022 <i>(in HK\$ million)</i>	For the nine months ended 30 September 2023 <i>(in HK\$ million)</i>
Custodian fees	0.973	0.706	0.089

The Board has considered and proposed the following annual caps in respect of the custodian services to be provided by CE Group and its associates to the Group for the three years ending 31 December 2026.

	For the year ending 31 December <i>(in HK\$ million)</i>		
	2024	2025	2026
Custodian fees	28	28	28

Reasons for the annual caps

The annual caps for the custodian services have been determined with reference to a number of factors, including, among other things, (i) the historical figures of the custodian fees shown in the table above, (ii) the market price charged by other service providers for similar custodian services, and (iii) the expected upturn in business activities.

4. Deposit Services

CE Group, through its associate CE Bank, provides deposit services to the Group, including current and fixed term deposits. The deposit services are subject to the standard terms and conditions of CE Bank. The interest payable by CE Bank to the Group is calculated on the basis of the standard terms and conditions of CE Bank mentioned above which were arrived at upon arm's length negotiations between the parties and are on normal commercial terms.

Principal terms of the New Deposit Services Framework Agreement

The principal terms of the New Deposit Services Framework Agreement between the Company and CE Group are set out below.

Date: 28 December 2023

Parties: The Company; and
CE Group

Duration: The duration of the New Deposit Services Framework Agreement will commence on 1 January 2024 and expire on 31 December 2026.

Material terms:

- CE Group shall procure CE Bank to provide to the Group deposit services (including current and fixed term deposit) in accordance with rules and regulations prescribed by the People's Bank of China and/or other relevant rules and regulations within or outside the PRC.
- The deposit services provided shall be on normal commercial terms which are arrived at upon arm's length negotiations and are no less favourable than those obtained by the Group from independent third parties, and on terms no less favourable than the most favourable terms offered by CE Bank to similar or comparable independent third party customers.

- The deposit services provided under the New Deposit Services Framework Agreement shall be non-exclusive and the Group is at liberty to obtain deposit services from third parties.

Pricing: The following factors will be considered in determining the interest rates on deposits:

- the interest rates for the same type of deposits offered by other commercial banks;
- the interest rates obtained by the Group; and
- the most favourable terms offered by CE Bank to similar/comparable customers.

Historical figures and proposed annual caps

The following table sets out the historical figures in respect of the deposit services provided by CE Bank to the Group for the year ended 31 December 2021, the year ended 31 December 2022 and the nine months ended 30 September 2023.

	For the year ended 31 December 2021 <i>(in HK\$ million)</i>	For the year ended 31 December 2022 <i>(in HK\$ million)</i>	For the nine months ended 30 September 2023 <i>(in HK\$ million)</i>
Maximum daily closing balance (including interest accrued thereon)	808.584	786.944	837.496

The Board has considered and proposed the following annual caps in respect of the deposit services to be provided by CE Bank to the Group for the three years ending 31 December 2026.

	For the year ending 31 December <i>(in HK\$ million)</i>		
	2024	2025	2026
Maximum daily closing balance (including interest accrued thereon)	360	360	360

Reasons for the annual caps

The annual caps for the deposit services have been determined with reference to a number of factors, including, among other things, (i) the historical figures of the maximum daily closing balance (including interest accrued thereon) of deposits shown in the table above, (ii) the expected interest income offered by CE Bank to the Group, and (iii) the business development plans and financial needs of the Group.

INTERNAL CONTROL MEASURES

The Company has established an internal control system and adopted appropriate internal control rules, including continuing connected transaction management measures, to ensure that the continuing connected transactions are conducted in accordance with the terms of the executed agreements. Before entering into a specific continuing connected transaction agreement, the relevant departments of the Group will review and assess whether the rates and terms set out in the specific agreement are consistent with the executed framework agreement to ensure that the interests of the Shareholders as a whole are taken into account and protected. The Company will monitor and assess the operation of the internal control management system and report to the Audit and Risk Management Committee of the Board regularly in connection with the status of the internal control of the Company (including the implementation status of continuing connected transactions). The Internal Audit Department will also regularly conduct assessment on the internal control system of the Group in order to ensure its effectiveness, including internal control measures in respect of continuing connected transactions management. Furthermore, the Audit and Risk Management Committee of the Board will convene meetings to discuss and assess the implementation of continuing connected transactions. In addition, the Company's external auditors shall conduct a year-end review on the Company's internal control measures, including those relating to continuing connected transactions.

For continuing connected transactions involving the receipt of services by the Group from CE Group, the Group will make reference to fees of similar services charged by independent third party service providers of the Group to ensure that CE Group charges for the services at the then prevailing market prices. The Group will request the service providers, including CE Group and at least two independent third party service providers of the Group, to provide quotations in respect of different services before entering into service contracts with CE Group or independent third party service providers of the Group. After obtaining quotations, the Group will assess by reference to, among other things, the quality of services, experience, credit terms and ability to meet the Group's requirements so as to determine the party with whom the Group will enter into service contracts.

For continuing connected transactions involving the provision of services by the Group to CE Group, when determining quotations for the services to be provided to CE Group, the Group will make reference to fees charged to its comparable third party customers for similar services provided, which represents the prevailing market prices. The credit term offered by the Group to CE Group will be similar to the Group's credit policy for comparable independent third party customers.

With regard to the deposit services pursuant to the New Deposit Services Framework Agreement, the transactions contemplated thereunder will be non-exclusive and the Company is at liberty to obtain deposit services from third parties. The Company's Finance & Accounting Department will closely monitor the relevant rates set by the People's Bank of China for similar services when the Group's deposits are being placed in CE Bank, to ensure the deposit interest rates offered by CE Bank will be at least equal to or no less favourable than the deposit rates offered to the Group by independent third parties for the provision of similar deposit services. In addition, the Company will consider the quality of services provided by CE Bank and major commercial banks in the PRC and Hong Kong in making its choice of service provider. Before the Group enters into any deposit services agreements with CE Bank, the Company will obtain at least two quotations from other independent commercial banks for similar deposit services, and such quotations will be reviewed against the quotations from CE Bank before the Group decides whether to accept the offer from CE Bank. The daily closing balance (including interest accrued thereon) will be reviewed by the Group on a daily basis to ensure the daily closing balance (including interest accrued thereon) will not exceed the relevant annual caps.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CE Group, through its wholly-owned subsidiary CE Hong Kong, is interested in approximately 49.74% of the total number of issued shares of the Company and is a controlling shareholder of the Company. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, CE Bank is an associate of CE Group. Accordingly, CE Group and CE Bank are connected persons of the Company pursuant to the Listing Rules and the transactions contemplated under the New Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the respective New Framework Agreements are more than 0.1% but all of them are less than 5%, the continuing connected transactions contemplated under each of the New Framework Agreements will be subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

The Group has developed a long-term relationship of cooperation with CE Group, which is engaged in a diverse range of businesses and has a leading position in the banking and securities industries, and with its associate CE Bank, one of the principal bankers of the Group, and the Group is satisfied with the services provided by CE Group and CE Bank. The Group has benefited from the long-term cooperation with CE Group and its associates and the synergies created through such cooperation. The Directors believe that based on the long-term cooperative relationship between the Group and CE Group, the continuation of the above transactions will facilitate the continued growth of the business of the Group.

The continuing connected transactions contemplated under each of the New Framework Agreements are and will be conducted in the ordinary and usual course of business of the Group, and on arm's length basis with terms that are fair and reasonable to the Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the New Framework Agreements and the respective proposed annual caps are fair and reasonable, and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the New Framework Agreements or was required to abstain from voting on the relevant Board resolutions due to such interest.

GENERAL INFORMATION ON THE GROUP AND CE GROUP AND ITS ASSOCIATES

The Company, through its subsidiaries and associates, is principally engaged in the provision of financial services and persistently pursues the cross-border macro asset management strategy, with specific focuses on fund and investment business.

CE Group is a joint stock company incorporated under the laws of the PRC and an indirect controlling shareholder of the Company. CE Group is a conglomerate which, through its subsidiaries and associates, engages in a diverse range of businesses including banking, securities and asset management. As at the date of this announcement, CE Group is owned as to approximately 63.16% by Central Huijin.

CE Bank was incorporated as a joint stock company with limited liability in the PRC and is one of the major commercial banks in the PRC, and primarily engages in the commercial banking business, including retail banking, corporate banking and treasury operation, etc.

DEFINITIONS

In this announcement, unless otherwise defined, the following terms shall have the following meanings:

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CE Bank”	China Everbright Bank Company Limited (中國光大銀行股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on the Stock Exchange (stock code: 6818) and the Shanghai Stock Exchange (stock code: 601818), respectively, and is an associate of CE Group
“CE Group”	中國光大集團股份公司 (China Everbright Group Ltd.*), a joint stock company incorporated under the laws of the PRC holding 100% equity interest of CE Hong Kong
“CE Hong Kong”	China Everbright Holdings Company Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect controlling shareholder of the Company
“Central Huijin”	中央匯金投資有限責任公司 (Central Huijin Investment Ltd.*), a company incorporated under the laws of the PRC with limited liability
“Company”	China Everbright Limited (中國光大控股有限公司), a company incorporated under the laws of Hong Kong with limited liability and whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	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 of Hong Kong Limited
“New Asset Management Services Framework Agreement”	the agreement entered into by the Company and CE Group on 28 December 2023 in connection with the provision of asset management services by the Group to CE Group and its associates
“New Brokerage Services Framework Agreement”	the agreement entered into by the Company and CE Group on 28 December 2023 in connection with the provision of brokerage services by CE Group and its associates to the Group
“New Custodian Services Framework Agreement”	the agreement entered into by the Company and CE Group on 28 December 2023 in connection with the provision of custodian services by CE Group and its associates to the Group
“New Deposit Services Framework Agreement”	the agreement entered into by the Company and CE Group on 28 December 2023 in connection with the provision of deposit services by CE Bank to the Group
“New Framework Agreements”	the New Asset Management Services Framework Agreement, the New Brokerage Services Framework Agreement, the New Custodian Services Framework Agreement and the New Deposit Services Framework Agreement

“PRC”	the People’s Republic of China
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
China Everbright Limited
Wan Kim Ying Kasina
Company Secretary

Hong Kong, 28 December 2023

As at the date of this announcement, the directors of the Company are:

Executive Directors:

Mr. Zhang Mingao (*President*)

Ms. Wang Yun

Mr. Yin Yanwu

Non-executive Directors:

Mr. Yu Fachang (*Chairman*)

Ms. Pan Wenjie

Mr. Fang Bin

Independent Non-executive Directors:

Dr. Lin Zhijun

Dr. Chung Shui Ming Timpson

Mr. Law Cheuk Kin Stephen

** For identification purposes only*