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CONTINUING CONNECTED TRANSACTIONS

INFORMATION TECHNOLOGY FRAMEWORK AGREEMENT

The Board announces that on 25 October 2017, the Bank entered into the Information Technology Framework Agreement with Yuexiu Financial Technology in relation to the provision of various information technology related services by the Yuexiu Financial Technology Group to the CHB Group as more particularly described herein.

As at the date of this announcement, Yuexiu Financial Technology is an indirect wholly-owned subsidiary of GZYZ Financial Holdings, which is owned as to 54.2472% by Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司), the ultimate controlling shareholder of the Bank. Therefore, Yuexiu Financial Technology is a connected person of the Bank and the transactions contemplated under the Information Technology Framework Agreement constitute continuing connected transactions of the Bank under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under the Information Technology Framework Agreement, whether on a standalone basis or aggregated with the amounts of the Past Transactions, exceed 0.1% but are less than 5%, the transactions contemplated under the Information Technology Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. PRINCIPAL TERMS OF THE INFORMATION TECHNOLOGY FRAMEWORK AGREEMENT

Date

25 October 2017

Parties

- (a) the Bank
- (b) Yuexiu Financial Technology

Term

The term of the Information Technology Framework Agreement will commence on 25 October 2017 and end on 31 August 2020 (both dates inclusive). The parties to the Information Technology Framework Agreement may, subject to compliance with the Listing Rules, renew the Information Technology Framework Agreement by agreement in writing.

Subject matter

Pursuant to the terms of the Information Technology Framework Agreement, the Yuexiu Financial Technology Group will provide the following information technology related services to the CHB Group:-

- a) information technology related technical support, including information technology related infrastructure planning consultancy, feasibility study of projects, and provision of technical personnel to participate in the implementation of projects;
- b) construction, operation and maintenance of business and information technology systems, including application system design, development, testing and operation and maintenance support, provision of data centre facility, data centre construction, system integration, provision of hardware and software maintenance;
- c) procurement of hardware and software, including hardware such as office equipment, servers, storage and network equipment, and software such as operating systems, databases, intermediary software and antivirus software;
- d) information technology project management services; and
- e) financial technology related research work, including research and application of advanced technology in the fields of internet financial services and supply chain finance business.

Members of the CHB Group and the Yuexiu Financial Technology Group may enter into separate transaction documents, including but not limited to statements of work, purchase orders, sub-contracts.

Pricing basis

The fees charged by the Yuexiu Financial Technology Group for the services to be supplied to the CHB Group under the Information Technology Framework Agreement will be determined with reference to the expected costs to be incurred in the course of provision of the services to the CHB Group, volume and duration of the services required, and the prevailing market prices of the same or similar services offered by independent third parties.

In order to ensure that the CHB Group will engage the services of the Yuexiu Financial Technology Group on terms no less favourable than those obtained from independent third parties of the CHB Group, members of the CHB Group will, before entering into any individual transaction documents with members of the

Yuexiu Financial Technology Group, conduct tender and/or invite at least two independent information technology services companies to submit quotations or proposals for review and approval by the management so as to determine whether an alternative service could be obtained with the most competitive price. In cases where quotations from independent third parties are not available or are not directly comparable in respect of certain services, the terms to be provided by the Yuexiu Financial Technology Group to the CHB Group will then be determined after arm's length negotiation between the parties on normal commercial terms.

Periodic inspections will also be conducted by the internal control function of the Bank to ensure that the transactions are conducted in accordance with the terms of the Information Technology Framework Agreement, on normal commercial terms or better negotiated on an arm's length basis, and in accordance with the pricing policy of the CHB Group.

2. ANNUAL CAPS

The estimated annual caps of the continuing connected transactions contemplated under the Information Technology Framework Agreement are as follows:

Period	Estimated Annual Cap
25 October 2017 to 31 December 2017	HK\$35,376,000 (equivalent to approximately RMB29,980,000)
1 January 2018 to 31 December 2018	HK\$52,110,000 (equivalent to approximately RMB44,161,000)
1 January 2019 to 31 December 2019	HK\$72,930,000 (equivalent to approximately RMB61,805,100)
1 January 2020 to 31 August 2020	HK\$87,540,000 (equivalent to approximately RMB74,186,400)

The above estimated annual caps, being the expected maximum annual transaction amounts, have been determined with reference to, among others, (a) the projected increase in the demand for information technology related services by the CHB Group under the Information Technology Framework Agreement; (b) the estimated business growth and operational needs of the CHB Group; and (c) an additional buffer to cater for the potential fluctuations of the exchange rate of RMB.

The payment by the CHB Group will be settled through the internal resources of the CHB Group.

3. REASONS FOR AND BENEFITS OF THE INFORMATION TECHNOLOGY FRAMEWORK AGREEMENT

The Directors consider entering into the Information Technology Framework Agreement to be consistent with the business objectives of the CHB Group. The services provided under the Information Technology Framework Agreement can be utilised by the CHB Group to improve and maintain its information technology systems so as to support the business needs and enhance operational efficiency of the CHB Group as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Information Technology 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 in the interests of the Bank and its shareholders as a whole.

None of the Directors has any material interest in the Information Technology 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.

4. LISTING RULES IMPLICATION

As at the date of this announcement, Yuexiu Financial Technology is an indirect wholly-owned subsidiary of GZYZ Financial Holdings, which is owned as to 54.2472% by Guangzhou Yue Xiu Holdings Limited* (廣州越秀集團有限公司), the ultimate controlling shareholder of the Bank. Therefore, Yuexiu Financial Technology is a connected person of the Bank and the transactions contemplated under the Information Technology Framework Agreement constitute continuing connected transactions of the Bank under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the transactions contemplated under the Information Technology Framework Agreement, whether on a standalone basis or aggregated with the amounts of the Past Transactions, exceed 0.1% but are less than 5%, the transactions contemplated under the Information Technology Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. GENERAL

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

Yuexiu Financial Technology is a limited liability company incorporated in the PRC and is principally engaged in the provision of software and information technology services.

6. DEFINITIONS

Unless the context otherwise requires, the expressions used in this announcement will have the following meanings:

“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”	the Bank (including the branches, sub-branches and representative offices in the PRC) and its subsidiaries from time to time
“connected person”	shall have the meaning ascribed to it under the Listing Rules
“controlling shareholder”	shall have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Bank
“GZYZ Financial Holdings”	Guangzhou Yuexiu Financial Holdings Group Co., Ltd. (廣州越秀金融控股集團股份有限公司), a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000987)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Information Technology Framework Agreement”	the information technology framework agreement dated 25 October 2017 entered into between the Bank and Yuexiu Financial Technology in relation to the provision of various information technology related services by the Yuexiu Financial Technology Group to the CHB Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Past Transactions”	the provision of general ledger system services by Yuexiu Financial Technology to the CHB Group during the first half of 2017 and the provision of centralized treasury receipt and payment system services by Yuexiu Financial Technology to the CHB Group from July 2017 to 25 October 2017, being the date of the Information Technology Framework Agreement

“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yuexiu Financial Technology”	Guangzhou Yuexiu Financial Technology Co., Ltd.* (廣州越秀金融科技有限公司), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of GZYX Financial Holdings
“Yuexiu Financial Technology Group”	Yuexiu Financial Technology and its subsidiaries from time to time
“%”	per cent

For illustrative purposes, the exchange rate of RMB1.00 = HK\$1.18 is adopted in this announcement.

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

Hong Kong, 25 October 2017

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

- *Executive Directors*
Mrs Leung Ko May Yee Margaret (Deputy Chairman and Managing Director), Mr Zong Jianxin (Deputy Managing Director and Chief Executive) 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 Cheng Yuk Wo, Mr Ma Chiu Cheung Andrew, Mr Lee Ka Lun and Mr Yu Lup Fat Joseph.

** for identification purpose only*