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## **DONGYUE GROUP LIMITED**

**東岳集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 189)**

### **CONTINUING CONNECTED TRANSACTION IN RELATION TO FINANCIAL SERVICES MASTER AGREEMENT**

#### **THE FINANCIAL SERVICES MASTER AGREEMENT**

On 18 December 2017 (after trading hours), the Company and Marco-link Finance entered into the Financial Services Master Agreement, pursuant to which Marco-link has agreed to provide the Group with deposit services and loan services on normal commercial terms in its ordinary and usual course of business for a term of one year from 18 December 2017 to 17 December 2018.

#### **LISTING RULES IMPLICATIONS**

Marco-link Finance is a connected person of the Company. Therefore, the entering into of the Financial Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

#### **Deposit Services**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated with reference to the Annual Cap exceed(s) 0.1% but is/are less than 5%, the Deposit Services contemplated under the Financial Services Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **Loan Services**

The Loan Services to be provided by Marco-link Finance to the Group under the Financial Services Master Agreement will constitute financial assistance to be received by the Group from a connected person. As the Loan Services will be conducted on normal commercial terms which are similar to or more favourable than those offered by major commercial banks in the PRC for comparable services, and no security over the assets of the Group will be granted to Marco-link

Finance in respect of the Loan Services, the Loan Services will be fully exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

## **INTRODUCTION**

The Board hereby announces that on 18 December 2017 (after trading hours), the Company and Marco-link Finance entered into the Financial Services Master Agreement, pursuant to which Marco-link has agreed to provide the Group with deposit services and loan services on normal commercial terms in its ordinary and usual course of business for a term of one year from 18 December 2017 to 17 December 2018.

## **THE FINANCIAL SERVICES MASTER AGREEMENT**

Set out below are the major terms of the Financial Services Master Agreement:

### **Date**

18 December 2017 (after trading hours)

### **Parties**

- (i) the Company; and
- (ii) Marco-link Finance.

### **Term**

The term of the Financial Services Master Agreement shall commence on 18 December 2017 and shall continue up to and including 17 December 2018.

## **Financial services to be provided by Marco-link Finance to the Group**

Pursuant to the Financial Services Master Agreement, Marco-link Finance has agreed to provide the Group with the following financial services:

### *Deposit services*

Marco-link Finance has agreed to accept deposits from the Group (the **Deposit Services**). Pursuant to the Financial Services Master Agreement, the rate at which interest will accrue on any deposit placed and maintained by the Group with Marco-link Finance under the Financial Services Master Agreement shall (i) be determined based on the interest rate prescribed by the People's Bank of China from time to time for the same type of deposit; and (ii) shall not be lower than the prevailing interest rates offered by major commercial banks in the PRC for the same type of deposit.

### *Loan services*

Marco-link Finance has agreed to provide loans and borrowings to the Group (the **Loan Services**). Pursuant to the Financial Services Master Agreement, (i) the interest rate for loans to be provided by Marco-link Finance to the Group will not be higher than the prevailing interest rates offered by major commercial banks in the PRC for the same type of loan; and (ii) the loans and borrowings to be provided by Marco-link Finance will not be secured by the assets of the Group.

### **Annual cap for the Deposit Services**

Pursuant to the Financial Services Master Agreement, the cumulative daily outstanding deposits balance placed and maintained by the Group with Marco-link Finance (including any interest accrued thereon) during the term of the Financial Services Master Agreement shall not exceed RMB380 million (for illustration purpose only, equivalent to HK\$448.4 million using the exchange rate of RMB1:HK\$1.18) (the **Annual Cap**).

In determining the Annual Cap, the Board has considered the existing bank balance and cash of the Group and operating cash flow and financial needs of the Group in the coming year.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCIAL SERVICES MASTER AGREEMENT**

The Group has to maintain deposits and other bank balances with and obtain loans and borrowings from financial institutions in the PRC from time to time as part of its treasury activities and in order to satisfy its business needs in its ordinary and usual course of business. The financial services to be provided by Marco-link Finance to the Group under the Financial Services Master Agreement will be conducted on normal commercial terms or better as compared to terms offered by major commercial banks in the PRC in respect of comparable services. The Financial Services Master Agreement will provide the Group with a new means to utilize its surplus cash at a low capital risk and obtain financings at a lower financing cost, and thereby improve the overall efficiency of the use of its funds.

For the avoidance of doubt, the Financial Services Master Agreement does not preclude the Group from obtaining deposit services, loan services or other financial services from other financial institutions. The Group may at its sole and absolute discretion select other commercial banks or financial institutions in the PRC or elsewhere as its financial services providers as it thinks fit and appropriate for the benefit of the Group.

The Directors (including the independent non-executive Directors) consider that the Financial Services Master Agreement was entered into in the ordinary and usual course of business of the Group, and the terms of the Financial Services Master Agreement, which were determined after arm's length negotiations among the parties thereto, are normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION ON THE GROUP**

The Group is principally engaged in (i) manufacturing and sale of refrigerants, fluoropolymers, organic silicone and other products such as dichloromethane, polyvinyl

chloride and liquid alkali; and (ii) property development.

## **INFORMATION ON MARCO-LINK FINANCE**

Marco-link Finance is a company incorporated in the PRC with limited liability. Marco-link Finance, as a non-bank financial institution approved by the China Banking Regulatory Commission, is principally engaged in the provision of financial services. Marco-link Finance is a wholly-owned subsidiary of Marco-link Holdings Limited, which indirectly holds approximately 29.20% of the issued share capital of the Company. In addition, Marco-link Holdings Limited is indirectly controlled by Mr. Fu Kwan (an executive Director). Therefore, Marco-link Finance is a connected person of the Company.

## **LISTING RULES IMPLICATIONS**

As stated above, Marco-link Finance is a connected person of the Company. Therefore, the entering into of the Financial Services Master Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **Deposit Services**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) calculated with reference to the Annual Cap exceed(s) 0.1% but is/are less than 5%, the Deposit Services contemplated under the Financial Services Master Agreement are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **Loan Services**

The Loan Services to be provided by Marco-link Finance to the Group under the Financial Services Master Agreement will constitute financial assistance to be received by the Group from a connected person. As the Loan Services will be conducted on normal commercial terms which are similar to or more favourable than those offered by major commercial banks in the PRC for comparable services, and no security over the assets of the Group will be granted to Marco-link Finance in respect of the Loan Services, the Loan Services will be fully exempt under Rule 14A.90 of the Listing Rules from all reporting, announcement and independent shareholders' approval requirements.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, apart from Mr. Fu Kwan who has abstained from voting on the Board resolutions approving the Financial Services Master Agreement and the transactions contemplated thereunder in view of his interest in Marco-link Finance, none of the Directors was in any way materially interested in the Financial Services Master Agreement and the transactions contemplated thereunder. Nevertheless, Mr. Zhang Bishu has also abstained from voting on the Board resolutions approving the Financial Services Master Agreement and the transactions contemplated thereunder by virtue of his directorship in Marco-link Finance.

## **DEFINITIONS**

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

“Board”	the board of Directors
“Company”	Dongyue Group Limited (東岳集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 189)
“Director(s)”	the director(s) of the Company
“Financial Services Master Agreement”	an agreement dated 18 December 2017 and entered into between the Company and Marco-link Finance in relation to the provision of financial services by Marco-link Finance to the Company for the period from 18 December 2017 to 17 December 2018
“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 PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Marco-link Finance”	Marco-link Holding Group Finance Company Limited, a company incorporated in the PRC with limited liability and a connected person of the Company
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	registered holders of the Shares from time to time
“Shares”	ordinary shares of HK\$0.10 each of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*In this announcement, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in*

*the Listing Rules, as modified by the Stock Exchange from time to time.*

By Order of the Board  
**Dongyue Group Limited**  
Zhang Jianhong  
*Chairman*

The PRC, 18 December 2017

*As at the date of this announcement, the directors of the Company are Mr. Zhang Jianhong, Mr. Fu Kwan, Mr. Liu Chuanqi, Mr. Zhang Zhefeng, Mr. Zhang Bishu and Mr. Zhang Jian as executive directors, and Mr. Ting Leung Huel, Stephen, Mr. Yang Xiaoyong and Mr. Yue Run Dong as independent non-executive directors.*