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遠東宏信有限公司
FAR EAST HORIZON LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 3360)

CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES

On 16 September 2021, Sinochem Group and ChemChina completed the joint restructuring. Upon completion of the joint restructuring, both Sinochem Group and ChemChina became the wholly-owned subsidiaries of Sinochem Holdings.

Both BlueStar Guangxi and Shenyang Chemical, the subsidiaries of ChemChina, became the associates of Sinochem Group (a substantial shareholder of the Company as at the date of this announcement) upon completion of the joint restructuring, and accordingly, both BlueStar Guangxi and Shenyang Chemical are connected persons of the Company. Prior to the joint restructuring, IFELC, a direct wholly-owned subsidiary of the Company, has entered into the Sale-leaseback Agreements, with BlueStar Guangxi and Shenyang Chemical, respectively, which are for fixed period with fixed terms. Therefore, following the completion of the joint restructuring, the continuing transactions under the Sale-leaseback Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the transactions under the Sale-leaseback Agreements are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. In the event that the Sale-leaseback Agreements are renewed or the terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 16 September 2021, Sinochem Group and ChemChina completed the joint restructuring. Upon completion of the joint restructuring, both Sinochem Group and ChemChina became the wholly-owned subsidiaries of Sinochem Holdings.

SALE-LEASEBACK AGREEMENT WITH BLUESTAR GUANGXI

The principal terms of the Sale-leaseback Agreement with BlueStar Guangxi are set out below:

Date:

26 May 2020

Parties:

- (i) IFELC (as the lessor)
- (ii) BlueStar Guangxi (as the lessee)

Lease term:

30 months from 29 May 2020, the date on which IFELC fully paid the consideration to BlueStar Guangxi for transfer of the equipment and facilities specified under the Sale-leaseback Agreement with BlueStar Guangxi.

Subject matter:

Pursuant to the Sale-leaseback Agreement with BlueStar Guangxi, the lessor shall, at the request of the lessee, purchase the equipment and facilities from the lessee and then lease back such equipment and facilities to the lessee, who shall, in return, pay rent to the lessor accordingly. Such equipment and facilities include but are not limited to low-voltage cabinets, vacuum pumps, switchgears and other equipment or facilities.

During the lease term, the ownership of such equipment and facilities shall vest in the lessor. Upon expiry of the lease term, the lessee shall be entitled to purchase the equipment and facilities at a nominal purchase price of RMB1,000.

Pricing:

The total consideration payable by the lessee for the leaseback of the equipment and facilities by the lessor includes but is not limited to the amounts of the lease payments and the nominal purchase price at the end of the relevant specified lease term. The pricing was determined as follows:

- (i) the principal amount payable by the lessee shall be the amount for which the lessor has paid to obtain ownership of the relevant equipment and facilities, i.e. RMB18,000,000; and
- (ii) an applicable interest rate determined by both parties after arm's length negotiation by referencing the benchmark interest rate of People's Bank of China and the actual business condition.

The lease payments shall be payable by the lessee to the lessor monthly according to the terms of the Sale-leaseback Agreement with BlueStar Guangxi.

As at the date of this announcement, the aggregated outstanding amount payable by the lessee to the lessor for the existing leaseback under the Sale-leaseback Agreement with BlueStar Guangxi is approximately RMB9,351,334.93.

SALE-LEASEBACK AGREEMENT I WITH SHENYANG CHEMICAL

The principal terms of the Sale-leaseback Agreement I with Shenyang Chemical are set out below:

Date:

25 February 2021

Parties:

- (i) IFELC (as the lessor)
- (ii) Shenyang Chemical (as the lessee)

Lease term:

34 months from 30 March 2021, the date on which IFELC fully paid the consideration to Shenyang Chemical for transfer of the equipment and facilities specified under the Sale-leaseback Agreement I with Shenyang Chemical.

Subject matter:

Pursuant to the Sale-leaseback Agreement I with Shenyang Chemical, the lessor shall, at the request of the lessee, purchase the equipment and facilities from the lessee and then lease back such equipment and facilities to the lessee, who shall, in return, pay rent to the lessor accordingly. Such equipment and facilities include but are not limited to ion-membrane electrolyzers, plate-and-frame type filter presses and other equipment or facilities.

During the lease term, the ownership of such equipment and facilities shall vest in the lessor. Upon expiry of the lease term, the lessee shall be entitled to purchase the equipment and facilities at a nominal purchase price of RMB1,000.

Pricing:

The total consideration payable by the lessee for the leaseback of the equipment and facilities by the lessor includes but is not limited to the amounts of the lease payments and the nominal purchase price at the end of the relevant specified lease term. The pricing was determined as follows:

- (i) the principal amount payable by the lessee shall be the amount for which the lessor has paid to obtain ownership of the relevant equipment and facilities, i.e. RMB62,500,000; and
- (ii) an applicable interest rate determined by both parties after arm's length negotiation by referencing the benchmark interest rate of People's Bank of China and the actual business condition.

The lease payments shall be payable by the lessee to the lessor quarterly according to the terms of the Sale-leaseback Agreement I with Shenyang Chemical.

In addition to the lease payments as set out above, the lessee shall pay a handling fee of RMB1,850,000 to the lessor within seven working days from the date of the Sale-leaseback Agreement I with Shenyang Chemical, and a deposit of RMB4,500,000.

As at the date of this announcement, the aggregated outstanding amount payable by the lessee to the lessor for the existing leaseback under the Sale-leaseback Agreement I with Shenyang Chemical is approximately RMB52,188,672.02.

Guarantee:

On the same date of the Sale-leaseback Agreement I with Shenyang Chemical, IFELC entered into guarantee contracts with Shenyang Chemical Group Co., Ltd.* (瀋陽化工集團有限公司, a shareholder of Shenyang Chemical which directly holds approximately 26.68% share capital of Shenyang Chemical as at the date of this announcement) and Shenyang Paraffin-Wax Chemical Co., Ltd.* (瀋陽石蠟化工有限公司, a wholly-owned subsidiary of Shenyang Chemical), respectively, pursuant to which Shenyang Chemical Group Co., Ltd. and Shenyang Paraffin-Wax Chemical Co., Ltd. agreed to provide joint and irrevocable guarantee in favour of IFELC in respect of all sums payable by Shenyang Chemical to IFELC under the Sale-leaseback Agreement I with Shenyang Chemical for a term commencing from the date of the guarantee contract to two years after the expiration of the term of performance of the obligations under the Sale-leaseback Agreement I with Shenyang Chemical.

SALE-LEASEBACK AGREEMENT II WITH SHENYANG CHEMICAL

The principal terms of the Sale-leaseback Agreement II with Shenyang Chemical are set out below:

Date:

25 February 2021

Parties:

- (i) IFELC (as the lessor)
- (ii) Shenyang Chemical (as the lessee)

Lease term:

34 months from 5 March 2021, the date on which IFELC fully paid the consideration to Shenyang Chemical for transfer of the equipment and facilities specified under the Sale-leaseback Agreement II with Shenyang Chemical.

Subject matter:

Pursuant to the Sale-leaseback Agreement II with Shenyang Chemical, the lessor shall, at the request of the lessee, purchase the equipment and facilities from the lessee and then lease back such equipment and facilities to the lessee, who shall, in return, pay rent to the lessor accordingly. Such equipment and facilities include but are not limited to ion-membrane electrolyzers, air dryers, atomizers and other equipment or facilities.

During the lease term, the ownership of such equipment and facilities shall vest in the lessor. Upon expiry of the lease term, the lessee shall be entitled to purchase the equipment and facilities at a nominal purchase price of RMB1,000.

Pricing:

The total consideration payable by the lessee for the leaseback of the equipment and facilities by the lessor includes but is not limited to the amounts of the lease payments and the nominal purchase price at the end of the relevant specified lease term. The pricing was determined as follows:

- (i) the principal amount payable by the lessee shall be the amount for which the lessor has paid to obtain ownership of the relevant equipment and facilities, i.e. RMB77,500,000; and
- (ii) an applicable interest rate determined by both parties after arm's length negotiation by referencing the benchmark interest rate of People's Bank of China and the actual business condition.

The lease payments shall be payable by the lessee to the lessor quarterly according to the terms of the Sale-leaseback Agreement II with Shenyang Chemical.

In addition to the lease payments as set out above, the lessee shall pay a handling fee of RMB2,350,000 to the lessor within seven working days from the date of the Sale-leaseback Agreement II with Shenyang Chemical, and a deposit of RMB5,500,000.

As at the date of this announcement, the aggregated outstanding amount payable by the lessee to the lessor for the existing leaseback under the Sale-leaseback Agreement II with Shenyang Chemical is approximately RMB64,905,392.91.

Guarantee

On the same date of the Sale-leaseback Agreement II with Shenyang Chemical, IFELC entered into guarantee contracts with Shenyang Chemical Group Co., Ltd.* (瀋陽化工集團有限公司, a shareholder of Shenyang Chemical which directly holds approximately 26.68% share capital of Shenyang Chemical as at the date of this announcement) and Shenyang Paraffin-Wax Chemical Co., Ltd.* (瀋陽石蠟化工有限公司, a wholly-owned subsidiary of Shenyang Chemical), respectively, pursuant to which Shenyang Chemical Group Co., Ltd. and Shenyang Paraffin-Wax Chemical Co., Ltd. agreed to provide joint and irrevocable guarantee in favour of IFELC in respect of all sums payable by Shenyang Chemical to IFELC under the Sale-leaseback Agreement II with Shenyang Chemical for a term commencing from the date of the guarantee contract to two years after the expiration of the term of performance of the obligations under the Sale-leaseback Agreement II with Shenyang Chemical.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

Those sale-leaseback transactions are within the scope of principal business of the Group, the conditions of the transaction are the fair condition in the market, and will enhance the operating income of the Group. In addition, the stability of the business advancement of the Group will be benefitted from the continuous advancement of the transaction contemplated under those sale-leaseback agreements, and preventing the Group from triggering default under the relevant transactions.

The Directors (including the independent non-executive Directors) consider that the Sale-leaseback Agreements are entered into in the ordinary and usual course of business of the Group and on normal commercial terms or on terms no less favourable than those to independent third parties under prevailing local market conditions, and that the terms of the Sale-leaseback Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Both BlueStar Guangxi and Shenyang Chemical, the subsidiaries of ChemChina, became the associates of Sinochem Group (a substantial shareholder of the Company as at the date of this announcement) upon completion of the joint restructuring, and accordingly, both BlueStar Guangxi and Shenyang Chemical are connected persons of the Company. Prior to the joint restructuring, IFELC, a direct wholly-owned subsidiary of the Company, has entered into the Sale-leaseback Agreements, with BlueStar Guangxi and Shenyang Chemical, respectively, which are for fixed period with fixed terms. Therefore, following the completion of the joint restructuring, the continuing transactions under the Sale-leaseback Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Pursuant to Rule 14A.60 of the Listing Rules, the transactions under the Sale-leaseback Agreements are subject to all applicable reporting, annual review and disclosure requirements under Chapter 14A of the Listing Rules. In the event that the Sale-leaseback Agreements are renewed or the terms are varied, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

Information of the Company

The Company together with its subsidiaries is one of China's leading innovative financial companies focusing on the Chinese fundamental industries and leveraging the business model of integrating finance and industry to serve enterprises of greatest vitality with the support of the fast-growing and enormous economy in China. It provides integrated finance, investment, trade, advisory and engineering services in healthcare, cultural & tourism, engineering construction, machinery, chemical & medicine, electronic information, public consuming, transportation & logistics, urban public utility as well as other fundamental sectors.

Information of IFELC

IFELC, a direct wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC on 13 September 1991. IFELC is mainly engaged in the provision of integrated financial solutions built around finance leases and relevant commercial factoring business.

Information of BlueStar Guangxi

BlueStar Guangxi is a company incorporated in the PRC with limited liability. The principal business activities of BlueStar Guangxi include the sales and production of aluminium hoops used on pencil, aluminium profiles, titanium dioxide and the relevant by-products. As at the date of this announcement, BlueStar Guangxi is an indirect wholly-owned subsidiary of Sinochem Holdings. Sinochem Holdings is a state-owned enterprise established in the PRC, which is principally engaged in eight main areas including life sciences, material sciences, basic chemicals, environmental sciences, rubber, tyres, machines and equipments, city operation and property and financial.

Information of Shenyang Chemical

Shenyang Chemical is a joint stock company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of Sinochem Holdings. The A shares of Shenyang Chemical are listed on the Shenzhen Stock Exchange (stock code: 000698) and is primarily engaged in the sales and production of chemical products including chlor-alkali, petroleum and polyether polyol.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“BlueStar Guangxi”	廣西藍星大華化工有限責任公司(BlueStar New Chemical Materials Guangxi Branch*), an indirect wholly-owned subsidiary of Sinochem Holdings as at the date of this announcement
“Board”	the board of Directors of the Company

“ChemChina”	中國化工集團有限公司(China National Chemical Corporation Ltd.*), a direct wholly-owned subsidiary of Sinochem Holdings as at the date of this announcement
“Company”	Far East Horizon Limited(遠東宏信有限公司), a company incorporated in Hong Kong with limited liability and listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFELC”	遠東國際融資租賃有限公司(International Far Eastern Leasing Company Limited*), a limited liability company incorporated in the PRC and a direct wholly-owned subsidiary of the Company
“Sale-leaseback Agreements”	the Sale-leaseback Agreement with BlueStar Guangxi, the Sale-leaseback Agreement I with Shenyang Chemical and the Sale-leaseback Agreement II with Shenyang Chemical
“Sale-leaseback Agreement with BlueStar Guangxi”	the sale-leaseback agreement dated 26 May 2020 between IFELC and BlueStar Guangxi in relation to the sale-leaseback of equipment and facilities include but are not limited to low-voltage cabinets, vacuum pumps, switchgears and other equipment or facilities
“Sale-leaseback Agreement I with Shenyang Chemical”	the sale-leaseback agreement dated 25 February 2021 between IFELC and Shenyang Chemical in relation to the sale-leaseback of equipment and facilities include but are not limited to ion-membrane electrolyzers, plate-and-frame type filter presses and other equipment or facilities
“Sale-leaseback Agreement II with Shenyang Chemical”	the sale-leaseback agreement dated 25 February 2021 between IFELC and Shenyang Chemical in relation to the sale-leaseback of equipment and facilities include but are not limited to ion-membrane electrolyzers, air dryers, atomizers and other equipment or facilities
“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
“Shenyang Chemical”	瀋陽化工股份有限公司(Shenyang Chemical Co., Ltd.*), an indirect non-wholly owned subsidiary of Sinochem Holdings as at the date of this announcement, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000698)

“Sinochem Group”	中國中化集團有限公司(Sinochem Group Co., Ltd.*), a substantial shareholder of the Company and a direct wholly-owned subsidiary of Sinochem Holdings as at the date of this announcement
“Sinochem Holdings”	中國中化控股有限責任公司(Sinochem Holdings Corporation Ltd.*), a state-owned enterprise established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board
Far East Horizon Limited
KONG Fanxing
Chief Executive Officer and Executive Director

Hong Kong, 16 September 2021

As at the date of this announcement, the executive directors of the Company are Mr. KONG Fanxing and Mr. WANG Mingzhe, the non-executive directors of the Company are Mr. NING Gaoning (Chairman), Mr. YANG Lin, Mr. LIU Haifeng David, Mr. KUO Ming-jian and Mr. John LAW, and the independent non-executive directors of the Company are Mr. CAI Cunqiang, Mr. HAN Xiaojing, Mr. LIU Jialin and Mr. YIP Wai Ming.

* for identification purpose only