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中電光谷

CEC OPTICS VALLEY

China Electronics Optics Valley Union Holding Company Limited

中電光谷聯合控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 798)

**CONTINUING CONNECTED TRANSACTION
LEASE AGREEMENT**

The Board is pleased to announce that on 8 November 2018, Shenzhen i-Valley (an indirect 60% subsidiary of the Company) entered into the Lease Agreement with CEIS.

CEIS is an indirect wholly-owned subsidiary of China Electronics Corporation Limited (中國電子信息產業集團有限公司), while China Electronics Corporation Limited is indirectly interested in approximately 33.47% of the issued share capital of the Company. Therefore, China Electronics Corporation Limited is a controlling Shareholder of the Company, and CEIS, being China Electronics Corporation Limited's associate, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the annual caps for the Lease Agreement for the three years ending 31 December 2020 exceed 0.1% but do not exceed 5%, the transactions contemplated under the Lease Agreement are subject to the reporting, announcement and annual review requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 8 November 2018, Shenzhen i-Valley (an indirect 60% subsidiary of the Company) entered into the Lease Agreement with CEIS.

II. LEASE AGREEMENT

A summary of the salient terms of the Lease Agreement is set out below.

Date:	8 November 2018
Parties:	1. Shenzhen i-Valley 2. CEIS
Duration:	11 November 2018 to 25 July 2021
Subject:	Pursuant to the Lease Agreement, CEIS has agreed to lease certain properties situated at 深圳市福田區振華路中電迪富大廈1至4層及12層 (1st to 4th floors and 12nd floor, Zhongdiandifu Mansion, Zhenhua Road, Futian District, Shenzhen City*) in the PRC with an aggregate gross floor area of 8,114.98 square meters to Shenzhen i-Valley at an aggregate monthly rental of approximately (i) RMB1,412,877.10 for the period from 11 November 2018 to 10 December 2019 (with a rent-free period from 11 November 2018 to 10 December 2018); (ii) RMB1,454,233.42 for the period from 11 December 2019 to 10 December 2020; and (iii) RMB1,497,842.96 for the period from 11 December 2020 to 25 July 2021
Price determination:	The rental amount was determined based on arm's length negotiations between CEIS and Shenzhen i-Valley with reference to the prevailing market price of leases of comparable properties
Payment terms:	The monthly rental shall be paid in cash by Shenzhen i-Valley to CEIS five days prior to beginning of the relevant month; and a deposit equivalent to two months rentals, which shall be adjusted in accordance with the rental, shall be paid by Shenzhen i-Valley to CEIS within five business days from the execution of the Lease Agreement, which shall be refunded after the return of the properties to CEIS and settlement of rentals at the end of term of the Lease Agreement.

The user of such properties is commercial and office.

III. ANNUAL CAPS OF THE LEASE AGREEMENT

The table below summarises the annual caps set for the Lease Agreement:

Period	11 November 2018 to 10 November 2019	11 November 2019 to 10 November 2020	11 November 2020 to 25 July 2021
Annual rentals (RMB)	15,541,648	17,409,445	12,688,056
Annual caps (RMB)	15,600,000	17,500,000	12,700,000

Based on the aggregate annual rental amount payable by the Group under the Lease Agreement for the term of the Lease Agreement set out above, which is expected not to exceed (i) RMB15,600,000 for the period from 11 November 2018 to 10 November 2019; (ii) RMB17,500,000 for the period from 11 November 2019 to 10 November 2020; and (iii) RMB12,700,000 for the period from 11 November 2020 to 25 July 2021, respectively. Accordingly, such amounts have been set as the annual caps for the said periods for the transactions under the Lease Agreement.

IV. REASONS FOR ENTERING INTO THE LEASE AGREEMENT

In view of the historical friendly relationship between CEIS and the Group, and the location of the abovementioned properties of CEIS being in line with the expansion in the operation and business of the Group, the Directors (including the independent non-executive Directors) consider that leasing the abovementioned properties from CEIS under Lease Agreement could expedite the development of the Group's value-innovation business through the renovation of old properties, and in turn establish a benchmark for quality project operations, which is expected to bring a positive impact on the Group's development of cross-regional projects in the future, increase in income from the provision of various services, and promotion of the sustainable development of the Group.

In determining the rental for the Lease Agreement above, the Group made reference to market prices of leases of comparable properties and the valuation of rentals of similar properties in the same area provided by CEIS. The Group took into consideration a range of relevant factors (such as location, size, transportation, and facilities of the properties) to determine whether the properties were suitable for the Group and its business. The Directors are of the view that the above mentioned methods and procedures can ensure that the transactions contemplated under the Lease Agreement will be conducted on normal commercial terms or better and not prejudicial to the interest of the Company's minority Shareholders.

V. IMPLICATIONS UNDER THE LISTING RULES

CEIS is an indirect wholly-owned subsidiary of China Electronics Corporation Limited (中國電子信息產業集團有限公司), while China Electronics Corporation Limited is indirectly interested in approximately 33.47% of the issued share capital of the Company. Therefore, China Electronics Corporation Limited is a controlling Shareholder of the Company, and CEIS, being China Electronics Corporation Limited's associate, is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Lease Agreement constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the annual caps for the Lease Agreement for the three years ending 31 December 2020 exceed 0.1% but do not exceed 5%, the transactions contemplated under the Lease Agreement are subject to the reporting, announcement and annual review requirements, but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) considered the transactions contemplated under the Lease Agreement are in the ordinary and usual course of business of the Group on normal commercial terms or better.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Lease Agreement and the proposed annual caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the Board meeting held on 8 November 2018 approving, inter alia, the Lease Agreement, the transactions contemplated thereunder and the proposed annual caps, Ms. Wang Qiuju and Mr. Xiang Qunxiong have abstained from voting in respect of the resolution approving the same in view of their respective positions in China Electronics Corporation Limited and/or its subsidiaries. Save as disclosed above, none of the Directors has a material interest in the same.

VI. INFORMATION ON THE GROUP

The Group is devoted to become a leading industrial resources sharing platform in the PRC. Based on its intelligent lifecycle management systems catered for industrial parks, the Group provides tailor-made and integrated solutions for investment, development, investment promotion and operation aspects in respect of its science and technology industrial parks, as well as ideal office, research, and production sites and services to various innovative enterprises.

Shenzhen i-Valley is an indirect 60% subsidiary of the Company and is principally engaged in the digital communications business, the sale of digital communication products, audio equipment, computers, electronic equipment and parts, and the provision of technological maintenance, incubation, business management and investment consultation services.

VII. INFORMATION ON CEIS

CEIS is a company incorporated in the PRC and an indirect wholly-owned subsidiary of China Electronics Corporation Limited, which is in turn the controlling Shareholder of the Company. It is principally engaged in the sale of software, electronic equipment, communication products and consumer electronics products. It also provides property development and consultation, hotel management, import and export, and information technology services.

VIII. DEFINITIONS

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

“associate”	has the meaning as ascribed to it under the Listing Rules
“Board”	the board of Directors
“CEIS”	中國中電國際信息服務有限公司 (China Electronics Information Service Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of China Electronics Corporation Limited, which is a controlling Shareholder of the Company
“Company”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement dated 8 November 2018 between CEIS and Shenzhen i-Valley (as supplemented by a supplemental agreement between CEIS and Shenzhen i-Valley of the same date)
“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
“Shareholder(s)”	the holders of shares of the Company
“Shenzhen i-Valley”	深圳中電智谷運營有限公司 (Shenzhen CEC i-Valley Operation Co., Ltd.*), a limited liability company established in the PRC and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *For identification purposes only*

By Order of the Board
China Electronics Optics Valley Union Holding Company Limited
Huang Liping
Chairman

Hong Kong, 8 November 2018

As at the date of this announcement, the directors of the Company are Mr. Huang Liping and Mr. Hu Bin as executive directors; Ms. Wang Qiuju, Mr. Xiang Qunxiong, Mr. Zhang Jie and Ms. Sun Ying as non-executive directors; Mr. Qi Min, Mr. Leung Man Kit and Ms. Zhang Shuqin as independent non-executive directors.