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**EVERBRIGHT GRAND CHINA ASSETS LIMITED**  
**光大永年有限公司**

*(Incorporated in the British Virgin Islands with limited liability and  
transferred by way of continuation into the Cayman Islands)*  
**(Stock code: 3699)**

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION:  
DEPOSIT SERVICE FRAMEWORK AGREEMENT  
AND  
CONTINUING CONNECTED TRANSACTION:  
LOAN SERVICE FRAMEWORK AGREEMENT  
AND  
CONTINUING CONNECTED TRANSACTION:  
LEASE FRAMEWORK AGREEMENT**

**FRAMEWORK AGREEMENTS**

On 7 November 2019, the Company and China Everbright entered into (i) the Deposit Service Framework Agreement for a term of three years commencing from 1 January 2020 and ending on 31 December 2022; (ii) the Loan Service Framework Agreement for a term of five years commencing from 1 January 2020 and ending on 31 December 2024; and (iii) the Lease Framework Agreement for a term of ten years commencing from 1 January 2020 and ending on 31 December 2029.

**IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, China Everbright is the controlling shareholder of the Company indirectly holding approximately 74.99% of the Shares. Accordingly, China Everbright and its associates (other than the Group) are connected persons of the Company. As such, the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than profits ratio) (as defined under Rule 14.07 of the Listing Rules) in respect of the respective annual caps of the transactions to be contemplated under each of the Framework Agreements exceeds 5%, the transactions to be contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Deposit Services exceeds 5%, but are all less than 25%, the provision of the Deposit Services also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the transactions contemplated under the Framework Agreements. However, for good corporate governance, Mr. Liu Jia (an executive Director), who is also a director of certain subsidiaries of Everbright Group, has voluntarily abstained from voting on the relevant Board resolutions approving the Framework Agreements.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed by the Company to consider, and to advise the Independent Shareholders on the terms of the Framework Agreements and their respective proposed annual caps.

Gram Capital has been appointed as the Independent Financial Adviser for providing advice to the Independent Board Committee and the Independent Shareholders on whether the terms of Framework Agreements and their proposed annual caps are fair and reasonable, and whether they are in the interests of the Company and the Shareholders as a whole. In addition, pursuant to Rule 14A.52 of the Listing Rules, as the terms of the Loan Service Framework Agreement and the Lease Framework Agreement exceed three years, Gram Capital shall advise the reasons for the Loan Service Framework Agreement and the Lease Framework Agreement to have terms exceeding three years and to confirm that it is a normal business practice for agreements of these types to be of such duration.

## **GENERAL**

A circular containing, among other things, (i) further details of the Framework Agreements and their respective proposed annual caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the general meeting, will be despatched to the Shareholders not more than 15 business days after the publication of this announcement (i.e. on or before 28 November 2019) in accordance with the requirements of the Listing Rules.

### **1. BACKGROUND**

Reference is made to the section headed “Connected Transactions” in the Prospectus in relation to certain continuing connected transactions, including the Existing Deposit Service Framework Agreement, the Existing Loan Service Framework Agreement and the Existing Lease Agreements (collectively, the “**Existing Framework Agreements**”), which will expire on 31 December 2019 (except for one lease agreement entered into between Brighter Win Limited, a subsidiary of the Group, and Everbright Securities Company Limited, a subsidiary of Everbright Group, that will expire on 30 April 2021).

After considering the future needs of the Group and to better regulate the existing and future continuing connected transactions between the Group and Everbright Group, on 7 November 2019, the Company and China Everbright entered into (i) the Deposit Service Framework Agreement for a term of three years commencing from 1 January 2020 and ending on 31 December 2022; (ii) the Loan Service Framework Agreement for a term of five years commencing from 1 January 2020 and ending on 31 December 2024; and (iii) the Lease Framework Agreement for a term of ten years commencing from 1 January 2020 and ending on 31 December 2029.

### **2. DEPOSIT SERVICE FRAMEWORK AGREEMENT**

Pursuant to the Existing Deposit Service Framework Agreement, China Everbright shall procure CE Bank to provide the Deposit Services to the Group. As the Deposit Service Framework Agreement and its annual caps will expire on 31 December 2019 and in order to better regulate the provision of the Deposit Services, the Company and China Everbright entered into the Deposit Service Framework Agreement on 7 November 2019 in respect of the Deposit Services procured by the members of the Group from the CE Bank.

The Deposit Service Framework Agreement is conditional upon the Independent Shareholders’ approval at the EGM having been obtained.

The summary of the principal terms of the Deposit Service Framework Agreement is set forth below:

**Date:** 7 November 2019

**Parties:** (i) the Company; and  
(ii) China Everbright.

**Description of the transactions:** China Everbright shall procure CE Bank to provide the Deposit Services to members of the Group for a term of three years from 1 January 2020 to 31 December 2022. The Deposit Service Framework Agreement shall be non-exclusive, and the Group is at liberty to obtain deposit services from other third parties.

The relevant parties shall enter into separate Deposit Agreements to set out the specific provisions of the Deposit Services, and the terms and conditions of the Deposit Agreements shall be determined by the relevant parties in accordance with the terms of the Deposit Service Framework Agreement.

The term of each of the Deposit Agreements shall not exceed the term of the Deposit Service Framework Agreement.

**Pricing policy:** The interest rates payable by CE Bank to the Group in respect of the Deposit Services shall:

- (i) be determined based on arm's length negotiations between CE Bank and the Group with reference to the prevailing interest rate for similar deposit services which can be obtained by the Group from independent third parties and on normal commercial terms;
- (ii) not be lower than the interest rates to be paid by independent third parties; and
- (iii) be in compliance with the rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC.

## Historical figures and existing annual caps

The following table sets out the historical figures and the existing annual caps under the Existing Deposit Service Framework Agreement:

	For the year ended 31 December				Historical amount	Existing annual cap
	2017	2017	2018	2018	for the six months ended 30 June 2019	for the year ending 31 December 2019
	Historical amount	Existing annual cap	Historical amount	Existing annual cap	(RMB'000)	(RMB'000)
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Maximum daily balance of deposits (including interests accrued thereon) placed by the Group with CE Bank	28,939	63,000	47,257	63,000	45,421	63,000

(Unaudited)

## Proposed annual caps

The following table sets out the proposed annual caps for the transactions to be contemplated under the Deposit Service Framework Agreement:

	For the year ending 31 December		
	2020	2021	2022
	(RMB'000)	(RMB'000)	(RMB'000)
Maximum daily balance of deposits (including interests accrued thereon) to be placed by the Group with CE Bank	53,000	53,000	53,000

The above proposed annual caps have been determined after taking into consideration of the following factors, among other things:

- (1) the historical transaction amount of the Deposit Services under the Existing Deposit Service Framework Agreement; and
- (2) the Group is considering to diversify the banks or financial institutions for cash deposits for the purpose of risk management of its capital. Furthermore, the Deposit Services will be obtained by the Group on a voluntary and non-exclusive basis. There is no restriction under the Deposit Service Framework Agreement on the Group's ability to obtain deposit services from other banks or financial institutions, and the Group is at its sole discretion to make its selection according to the relevant interest rates and quality of services being delivered by other banks or financial institutions.

### **Reasons and benefits for the transactions**

CE Bank has been providing the Deposit Services to the Group prior to listing of the Company on the Stock Exchange, which has developed a deep understanding of the capital needs and business model of the Group. In view of the stability and reliability of the Deposit Services in previous years, the Directors believe that CE Bank is well-positioned to serve the financial needs of the Group, and it is expected that it will be cost-efficient, expedient and beneficial for the Group to use the Deposit Services.

Moreover, the Group will receive interests on the Deposit Services at interest rates which are no less favourable than those offered by any independent third party for comparable deposits. This arrangement allows the Group to achieve a more efficient use of its current capital.

In addition, CE Bank is regulated by the China Banking and Insurance Regulatory Commission and the Hong Kong Monetary Authority and is subject to the rules and requirements of such regulatory authorities, which will reduce risks to the Group in receiving the Deposit Services.

Given the transactions to be contemplated under the Deposit Service Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of Gram Capital) are of the view that the terms of the Deposit Service Framework Agreement and its proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### 3. LOAN SERVICE FRAMEWORK AGREEMENT

Pursuant to the Existing Loan Service Framework Agreement, CE Bank, Hong Kong Branch shall provide the Loan Services to the Group. After considering the actual need of the Group within and outside the PRC, and in order to better regulate the provision of the Loan Services, the Company and China Everbright entered into the Loan Service Framework Agreement on 7 November 2019 to set out the terms and conditions of the Loan Services.

The Loan Service Framework Agreement is conditional upon the Independent Shareholders' approval at the EGM having been obtained.

The summary of the principal terms of the Loan Service Framework Agreement is set forth below:

**Date:** 7 November 2019

**Parties:** (i) the Company; and  
(ii) China Everbright.

**Description of the transactions:** China Everbright shall procure CE Bank to provide the Loan Services to members of the Group for a term of five years from 1 January 2020 to 31 December 2024. The Loan Service Framework Agreement shall be non-exclusive, and the Group is at liberty to obtain loan services from other third parties.

The relevant parties shall enter into separate Loan Agreements to set out the specific provisions of the Loan Services, and the terms and conditions of the Loan Agreements shall be determined by the parties in accordance with the terms of the Loan Service Framework Agreement.

The term of each of the Loan Agreements shall not exceed the term of the Loan Service Framework Agreement.

Subject to the terms and conditions of the Loan Agreements, security over the Group's assets or rental income received from its leasing business may be required for the Loan Services.

**Pricing policy:**

The interest rate payable by the Group to CE Bank in respect of the Loan Services shall:

- (i) be determined based on arm's length negotiations between CE Bank and the Group with reference to the prevailing interest rate for similar loan services which can be obtained by the Group from independent third parties and on normal commercial terms;
- (ii) not be higher than the interest rates to be charged by other independent third parties; and
- (iii) be in compliance with the rules and regulations prescribed by the PBOC and/or other relevant rules and regulations within or outside the PRC.

**Historical figures and existing annual caps**

The following table sets out the historical figures and the existing annual caps under the Existing Loan Service Framework Agreement:

	For the year ended 31 December				Historical amount for the six months ended 30 June 2019	Existing annual cap for the year ending 31 December 2019
	2017 Historical amount (HKD'000)	2017 Existing annual cap (HKD'000)	2018 Historical amount (HKD'000)	2018 Existing annual cap (HKD'000)	(Unaudited)	
Maximum daily balance of loans provided by CE Bank to the Group	Nil	300,000	Nil	300,000	Nil	300,000

**Proposed annual caps**

The following table sets out the proposed annual caps for the transactions to be contemplated under the Loan Service Framework Agreement:

	For the year ending 31 December				
	2020 (RMB'000)	2021 (RMB'000)	2022 (RMB'000)	2023 (RMB'000)	2024 (RMB'000)
Maximum daily balance of loans to be provided by CE Bank to the Group	350,000	350,000	350,000	350,000	350,000

The above proposed annual caps have been determined after taking into consideration of the following factors, among other things:

- (1) although the Group had not utilised the Loan Services under the Existing Loan Service Framework Agreement to acquire properties in the United Kingdom as at the Latest Practicable Date, the Group has been looking for investment opportunities in commercial properties in 2020 and 2021 to further broaden its property portfolio within and outside the PRC, such as the southwest region in the PRC, including Kunming, Yunnan province and Chengdu, Sichuan province. With reference to the market value of the Premises as at 30 June 2019, the purchase prices of the potential acquisitions may range from approximately RMB180 million to RMB360 million, which are anticipated to be financed by internal resources and the Loan Services; and
- (2) the expected increase in the amount of loans required by the Group to complement the growth in its future business operations.

### **Reasons and benefits for the transactions**

The Directors believe that CE Bank is well positioned to serve the financial needs of the Group because CE Bank has a thorough understanding of the operations and development needs of the Group, and the Group will only be required to pay interests on the Loan Services at rates which are no less favourable than those offered by any independent third party for comparable loans. Therefore, it is expected that the transactions contemplated under the Loan Service Framework Agreement would be cost-efficient, expedient and beneficial for the Group.

In addition, CE Bank is regulated by the China Banking and Insurance Regulatory Commission and the Hong Kong Monetary Authority and is subject to the rules and requirements of such regulatory authorities, which will reduce risks to the Group in receiving the Loan Services from CE Bank.

The Directors are of the view that it is reasonable for the term of the Loan Service Framework Agreement to be longer than three years because it is the market practice to enter into long-term loans for more than three years to finance acquisitions of sizeable commercial properties.

Given the transactions to be contemplated under the Loan Service Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of Gram Capital) are of the view that the terms of the Loan Service Framework Agreement and its proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### **4. LEASE FRAMEWORK AGREEMENT**

Pursuant to the Existing Lease Framework Agreement, the Group shall lease the Premise to members of Everbright Group. After taking into account that in the course of the Group's daily operation, the Group leases and will continue to lease the Premises to members of Everbright Group, and in order to better regulate such transactions, the Company and China Everbright entered into the Lease Framework Agreement on 7 November 2019 in respect of the leases between members of the Group and members of Everbright Group.

The Lease Framework Agreement is conditional upon the Independent Shareholders' approval at the EGM having been obtained.

The summary of the principal terms of the Lease Framework Agreement is set forth below:

**Date:** 7 November 2019

**Parties:** (i) the Company; and  
(ii) China Everbright.

**Description of the transactions:** The Company shall lease and procure members of the Group to lease the Premises to Everbright Group, and China Everbright shall lease and procure members of Everbright Group to lease the Premises during the ten-year period from 1 January 2020 to 31 December 2029. The Lease Framework Agreement shall be non-exclusive, and the Group is at liberty to lease the Premises to other third parties.

The relevant parties shall enter into separate Lease Agreements to set out the specific provisions of the leasing of the Premises, and the terms and conditions of the Lease Agreements shall be determined by the parties in accordance with the terms of the Lease Framework Agreement.

The term of each of the Lease Agreements shall not exceed the term of the Lease Framework Agreement.

**Pricing policy:**

The rents and other fees payable by Everbright Group to the Group under the Lease Agreements shall:

- (i) be determined based on arm's length negotiations between Everbright Group and the Group with reference to the prevailing market rents in the places where the Premises are located;
- (ii) not be lower than the rents and other fees to be paid by independent third parties; and
- (iii) be in compliance with the rules and regulations prescribed by the relevant rules and regulations within or outside the PRC.

**Historical figures and existing annual caps**

The following table sets out the historical figures and the existing annual caps under the Existing Lease Agreements:

	For the year ended 31 December				Historical amount	Existing annual cap
	2017 Historical amount (RMB'000)	2017 Existing annual cap (RMB'000)	2018 Historical amount (RMB'000)	2018 Existing annual cap (RMB'000)	for the six months ended 30 June 2019 (RMB'000)	for the year ended 31 December 2019 (RMB'000)
Aggregate rental income (including rents and other fees) received by the Group from Everbright Group	6,177	7,000	6,289	7,000	3,271	7,000

## Proposed annual caps

The following table sets out the proposed annual caps for the transactions to be contemplated under the Lease Framework Agreement:

	For the year ending 31 December									
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Aggregate rental income (including rents and other fees) to be received by the Group from Everbright Group	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

The above proposed annual caps have been determined after taking into consideration of the following factors, among other things:

- (1) the historical aggregate rental income (including rents and other fees) received by the Group from Everbright Group for the years ended 31 December 2017 and 2018 amounted to approximately RMB6.2 million and RMB6.3 million, respectively, representing approximately 88.6% and 90.0% of the annual cap of RMB7.0 million for the respective year under the Existing Lease Agreements, indicating that the annual caps had been nearly fully utilised;
- (2) it is expected that the Group will generate more rental income from Everbright Group because (i) there has been an increasing demand from Everbright Group for office space in the Premises located at Kunming, Yunnan province in the PRC and new leases may be entered into between the Group and Everbright Group for leasing the Premises located at Chengdu, Sichuan province in the PRC in 2020 and 2021; and (ii) the Group may lease additional Premises (that are currently leased to other tenants) to Everbright Group when their leases expire in the coming years; and
- (3) the potential increase in market rental for commercial properties in the PRC in the coming years, as supported by the increase in the range of rents per square metre for the leased Premises from approximately RMB25.56 to RMB73.46 in 2016 to approximately RMB29.78 to RMB79.52 in 2018.

## **Reasons and benefits for the transactions**

The Group is principally engaged in the businesses of property leasing. As at the Latest Practicable Date, the Premises included three commercial buildings, which are located in Kunming, Yunnan province and Chengdu, Sichuan province in the PRC. On the other hand, members of Everbright Group require office space in these areas to operate their businesses. Moreover, it is beneficial to the Group to lease the Premises to members of Everbright Group at prevailing market rates. As such, the Directors are of the view that the leasing of the Premises to members of Everbright Group is in line with the Group's leasing business.

The Directors are of the view that it is reasonable for the term of the Lease Framework Agreement to be longer than three years having considered the following reasons:

- (1) it is the market practice to enter into long-term leases for leasing commercial properties in the PRC;
- (2) the Group previously entered into lease agreements (with tenure ranging from 2 to 20 years) for leasing the Premises to independent third parties and members of Everbright Group in the PRC;
- (3) it will provide the Group with stable rental income without interruption to its business operations because the Group can lease the Premises to Everbright Group for a longer period, thus reducing the Group's burden to identify new tenants after expiration of leases; and
- (4) the long-term cooperation with Everbright Group, which is engaged in a diverse range of businesses and has a leading position in the market, will facilitate the continual growth of the leasing business of the Group.

Given the transactions to be contemplated under the Lease Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (excluding the independent non-executive Directors whose views will be formed after taking into account the advice of Gram Capital) are of the view that the terms of the Lease Framework Agreement and its proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## 5. IMPLICATIONS UNDER THE LISTING RULES

China Everbright is the holder of 100% of the issued share capital of CE Hong Kong, which in turn directly holds approximately 99.997% shares in Capital Century Company Limited (0.3% of which is held on trust for the National Administrative Bureau of Stated Owned Property) and indirectly holds 0.003% shares in Capital Century Company Limited through China Everbright Holdings (Nominee) Limited. Capital Century Company Limited indirectly held approximately 74.99% Shares through Lucky Link Investments Limited and Top Charm Investments Limited as at the Latest Practicable Date. Accordingly, China Everbright is a controlling shareholder of the Company, and thus China Everbright and its associates (other than the Group) are connected persons of the Company. As such, the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than profits ratio) (as defined under the Rule 14.07 of the Listing Rules) in respect of the respective annual caps of the transactions to be contemplated under each of the Framework Agreements exceed 5%, the transactions to be contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Furthermore, as one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the provision of the Deposit Services exceeds 5%, but are all less than 25%, the provision of the Deposit Services also constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the transactions contemplated under the Framework Agreements. However, for good corporate governance, Mr. Liu Jia (an executive Director), who is also a director of certain subsidiaries of Everbright Group, has voluntarily abstained from voting on the relevant Board resolutions approving the Framework Agreements.

As China Everbright and its associates have material interests in the transactions to be contemplated under each of the Framework Agreements, China Everbright and its associates will be required to abstain from voting at the EGM with respect to the ordinary resolutions in connection with the Framework Agreements and their proposed annual caps.

## **6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed by the Company to consider, and to advise the Independent Shareholders on the terms of the Framework Agreements and their respective proposed annual caps.

Gram Capital has been appointed as the Independent Financial Adviser for providing advice to the Independent Board Committee and the Independent Shareholders on whether the terms of Framework Agreements and their proposed annual caps are fair and reasonable, and whether they are in the interests of the Company and the Shareholders as a whole. In addition, pursuant to Rule 14A.52 of the Listing Rules, as the terms of the Loan Service Framework Agreement and the Lease Framework Agreement exceed three years, Gram Capital shall advise the reasons for the Loan Service Framework Agreement and the Lease Framework Agreement to have terms exceeding three years and to confirm that it is a normal business practice for agreements of these types to be of such duration.

## **7. INFORMATION OF THE COMPANY, CHINA EVERBRIGHT AND CE BANK**

The Company is an investment holding company principally engaged in property leasing, property management and sales of properties held for sale. As at the date of this announcement, the Premises included three commercial buildings, which are located in Chengdu, Sichuan province and Kunming, Yunnan province in the PRC. The Group's property management services include general property management services, value-added property management services and parking management services.

China Everbright is a state-owned enterprise established on 8 December 2014 after the restructuring from China Everbright (Group) Corporation, with its registered capital mainly contributed by the Ministry of Finance of the PRC and Central Huijin Investment Ltd. China Everbright is a financial conglomerate mainly engaged in investment and management operations of banks, securities companies, insurance companies and other financial institutions.

CE Bank is a subsidiary of China Everbright due to consolidation of its financial statements into those of China Everbright. CE Bank 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.

## 8. INTERNAL CONTROL MEASURES

In order to ensure that the pricing policy in each of the Framework Agreements is adhered to, the Group has the following internal control procedures and policies:

- (i) the finance department of the Company shall be responsible for reviewing the pricing terms of the Deposit Services and the Loan Services by obtaining quotations from CE Bank and at least two other independent banks for rates of deposits or loans of an equivalent amount and for the equivalent period, and will only use the Deposit Services or the Loan Services if the terms quoted by CE Bank are no less favourable than the terms quoted by such two other independent banks;
- (ii) the finance department of the Company shall also be responsible for monitoring and collecting on a regular basis (i) the actual maximum daily balance of deposits to be placed by the Group with CE Bank pursuant to the Deposit Service Framework Agreement and the Deposit Agreements, and (ii) the actual maximum daily balance of loans to be provided by CE Bank to the Group pursuant to the Loan Service Framework Agreement and the Loan Agreements, so to ensure that the maximum daily balance will not exceed the proposed annual caps for each financial year;
- (iii) the leasing department of the Company shall be responsible for reviewing the pricing terms of the Lease Agreements by comparing the terms between members of Everbright Group and at least two other independent third parties for leasing the relevant Premises for the equivalent period, and will only lease the Premises if the terms offered by Everbright Group are no less favourable than the terms quoted by such two other independent third parties;
- (iv) the finance department of the Company shall be responsible for monitoring and collecting the actual transaction amounts under the Lease Agreements on a regular basis so to ensure that the aggregate rental income (including rents and other fees) received by the Group from Everbright Group will not exceed the proposed annual cap for each financial year. The Company will set an alert amount when the amount is about to reach the annual cap, in case that the aggregate rental income (including rents and other fees) is expected to exceed such annual cap, so that the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules;
- (v) the internal control department and relevant personnel of the Company shall monitor and ensure all transactions contemplated under the Framework Agreements are entered into on normal commercial terms or better, are fair and reasonable, and are carried out pursuant to the terms of the Framework Agreements;

- (vi) the independent non-executive Directors will review the transactions to be entered into pursuant to the Framework Agreements in order to ensure all such transactions are entered into on normal commercial terms or better, on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and are carried out in accordance with the terms of the Framework Agreements; and
- (vii) the auditor of the Company will conduct an annual review on the pricing and annual caps of the continuing connected transactions to be entered into pursuant to the Framework Agreements.

## **9. GENERAL**

A circular containing, among other things, (i) further details of the Framework Agreements and their respective proposed annual caps; (ii) the letter from the Independent Board Committee to the Independent Shareholders; (iii) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the EGM, will be despatched to the Shareholders not more than 15 business days after the publication of this announcement (i.e. on or before 28 November 2019) in accordance with the requirements of the Listing Rules.

## **10. DEFINITIONS**

Unless the context otherwise requires, the following expression in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CE Bank”	China Everbright Bank Co., Ltd. (中國光大銀行股份有限公司), a company established in the PRC, whose shares are listed on the Stock Exchange (stock code: 06818) and the Shanghai Stock Exchange (stock code: 601818), and a subsidiary of China Everbright due to consolidation of its financial statements into those of China Everbright and is therefore a connected person of the Company

“CE Hong Kong”	China Everbright Holdings Company Limited (中國光大集團有限公司), a company incorporated under the laws of Hong Kong with limited liability and a wholly-owned subsidiary of China Everbright
“China Everbright”	China Everbright Group Limited (中國光大集團股份有限公司), a joint stock company established in the PRC with limited liability, and a controlling shareholder of the Company
“Company”	Everbright Grand China Assets Limited (光大永年有限公司), a company incorporated in the British Virgin Islands with limited liability and transferred by way of continuation into the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 03699)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit Agreements”	the deposit agreements to be entered into between members of the Group and CE Bank as contemplated under the Deposit Service Framework Agreement
“Deposit Service Framework Agreement”	the deposit service framework agreement entered into by China Everbright and the Company on 7 November 2019 in respect of the provision of Deposit Services to the Group
“Deposit Services”	deposit services provided by CE Bank
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve the transactions contemplated under the Framework Agreements and their respective annual caps
“Everbright Group”	China Everbright and its subsidiaries and associates (other than the Group)

“Existing Deposit Service Framework Agreement”	the deposit service framework agreement entered into between China Everbright and the Company on 10 August 2017 in respect of the provision of the Deposit Services to the Group, details of which has been disclosed in the Prospectus
“Existing Lease Agreements”	the lease agreements entered into between Brighter Win Limited (a subsidiary of the Company) and CE Bank and Everbright Securities Company Limited (subsidiaries of Everbright Group), respectively, details of which has been disclosed in the Prospectus
“Existing Loan Service Framework Agreement”	the loan service framework agreement entered into between CE Bank, Hong Kong branch and the Company on 18 December 2017 in respect of the provision of the Loan Services to the Group, details of which has been disclosed in the Prospectus (as supplemented by the supplemental loan service framework agreement entered into between the same parties on 17 December 2018)
“Group”	the Company and its subsidiaries and associates
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Framework Agreements”	the Deposit Service Framework Agreement, the Loan Service Framework Agreement and the Lease Framework Agreement
“Independent Board Committee”	the independent committee of the Company, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the Framework Agreements and their respective proposed annual caps
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders

“Independent Shareholders”	Shareholders who are not required to abstain from voting at the EGM
“Lease Agreements”	the lease agreements to be entered into between members of the Group and members of Everbright Group as contemplated under the Lease Framework Agreement
“Lease Framework Agreement”	the lease framework agreement entered into by China Everbright and the Company on 7 November 2019 in respect of the leasing of the Premises
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan Service Framework Agreement”	the loan service framework agreement entered into by China Everbright and the Company on 7 November 2019 in respect of the provision of Loan Services to the Group
“Loan Services”	loan, financing and/or other lending facility services provided by CE Bank
“Loan Agreements”	the loan agreements to be entered into between members of the Group and CE Bank as contemplated under the Loan Service Framework Agreement
“PBOC”	People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China but excluding, for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Premises”	premises owned by the Group
“Prospectus”	the prospectus of the Company dated 29 December 2017

“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the share(s) in the share capital of the Company with nominal value of US\$0.1 each
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	the lawful currency of the United States
“%”	per cent.

By Order of the Board  
**Everbright Grand China Assets Limited**  
**LIU Jia**  
*Chairman*

Hong Kong, 7 November 2019

*As at the date of this announcement, the Board comprises Mr. Liu Jia and Mr. Lin Zimin as executive Directors; Ms. Tse Hang Mui and Mr. Li Yinzong as non-executive Directors; and Mr. Tsoi David, Mr. Shek Lai Him Abraham, Mr. Lee Jor Hung and Ms. Yu Pauline Wah Ling as independent non-executive Directors.*