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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Everbright Grand China Assets Limited, you should at once hand this circular and the enclosed proxy form to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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: NEW DEPOSIT SERVICE FRAMEWORK AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A notice convening the EGM to be held at Function Rooms 4–6, 2/F, The Harbourview Hotel Hong Kong, 4 Harbour Road, Wan Chai, Hong Kong on Friday, 23 December 2022 at 3:00 p.m. is set out on pages 31 to 32 of this circular and the proxy form for use are enclosed herewith.

Whether or not you intend to attend the EGM, please complete and sign the enclosed proxy form in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. not later than 3:00 p.m. on Wednesday, 21 December 2022) or the adjourned meeting (as the case may be). Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the EGM.

This circular together with the proxy form are also published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ebgca.com.hk](http://www.ebgca.com.hk)).

# References to time and dates in this circular are to Hong Kong time and dates.

#### PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Please see pages 33 to 34 of this circular for measures being taken to try to prevent and control the spread of the COVID-19 pandemic at the EGM, which include without limitation:

- compulsory body temperature checks and health declarations
- compulsory wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment
- physical distancing at the venue

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

Subject to the COVID-19 pandemic development, the Company may be required to change the meeting arrangements for the EGM at short notice, and to issue further announcement(s) on such changes as and when appropriate. Shareholders are advised to check the websites of the Company at [www.ebgca.com.hk](http://www.ebgca.com.hk) and the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for further announcement(s) and update(s) on such arrangements and/or further special measures to be taken.

8 December 2022

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions 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 New Deposit Service Framework Agreement

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## DEFINITIONS

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“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 at Function Rooms 4–6, 2/F, The Harbourview Hotel Hong Kong, 4 Harbour Road, Wan Chai, Hong Kong on Friday, 23 December 2022 at 3:00 p.m. to consider and, if thought fit, to approve the resolution contained in the notice of the meeting which is set out on pages 31 to 32 of this circular
“Existing Deposit Service Framework Agreement”	the deposit service framework agreement entered into between China Everbright and the Company on 2 November 2020 in respect of the provision of the Deposit Services to the Group
“Group”	the Company and its subsidiaries and associates
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 New Deposit Service Framework Agreement and its 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

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## DEFINITIONS

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“Latest Practicable Date”	2 December 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Deposit Service Framework Agreement”	the deposit service framework agreement entered into between China Everbright and the Company on 18 November 2022 in respect of the provision of Deposit Services to the Group
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China
“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.

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## LETTER FROM THE BOARD

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**光大永年**

EVERBRIGHT GRAND CHINA ASSETS

**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)**

*Executive Directors:*

Mr. LIU Jia (*Chairman*)

Mr. MA Heming

*Non-executive Directors:*

Ms. WANG Yun

Mr. ZHUANG Minrong

*Independent non-executive Directors:*

Mr. TSOI David

Mr. SHEK Lai Him Abraham

Mr. LEE Jor Hung

Mr. WANG Cheung Yue

*Registered address:*

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

*Head Office and Place of business*

*in Hong Kong:*

Room 1302, 13th Floor

Bank of East Asia Harbour View Centre

56 Gloucester Road

Wanchai

Hong Kong

8 December 2022

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION:  
NEW DEPOSIT SERVICE FRAMEWORK AGREEMENT  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated 18 November 2022. Given the Existing Deposit Service Framework Agreement will expire on 31 December 2022, having considered the future needs of the Group and to better regulate the existing and future continuing connected transactions between the Group and CE Bank on the provision of the Deposit Services, the Company and China Everbright entered into the New Deposit Service Framework Agreement for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, (i) details of the continuing connected transactions in relation to the New Deposit Service Framework Agreement; (ii) the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the New Deposit Service Framework Agreement and its proposed annual caps; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Deposit Service Framework Agreement and its proposed annual caps; (iv) other information as required under the Listing Rules; and (v) the notice convening the EGM.

### II. CONTINUING CONNECTED TRANSACTION

#### 1. New 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 Existing Deposit Service Framework Agreement and its annual caps will expire on 31 December 2022, the Company and China Everbright entered into the New Deposit Service Framework Agreement to better regulate the provision of the Deposit Services.

The New 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 New Deposit Service Framework Agreement is set forth below:

<b>Date:</b>	18 November 2022
<b>Parties:</b>	(i) the Company; and (ii) China Everbright.

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## LETTER FROM THE BOARD

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**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 commencing from 1 January 2023 to 31 December 2025. The New 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 New Deposit Service Framework Agreement.

The term of each of the Deposit Agreements shall not exceed the term of the New 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 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 (including the China Banking and Insurance Regulatory Commission and the Hong Kong Monetary Authority).



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## LETTER FROM THE BOARD

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### *Historical figures and annual caps*

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

	For the year ended 31 December				Historical	Existing
	2020	2020	2021	2021	amount for	annual cap
	Historical	Historical	Historical	Historical	the six	for the year
	amount	annual cap	amount	annual cap	months	ending
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	ended	31 December
					30 June 2022	2022
					(RMB'000)	(RMB'000)
					(unaudited)	
Maximum daily balance of deposits (including interests accrued thereon) placed by the Group with CE Bank	22,057	46,000	28,000	46,000	30,857	46,000

### *Proposed annual caps*

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

	For the year ending 31 December		
	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)
Maximum daily balance of deposits (including interests accrued thereon) to be placed by the Group with CE Bank	38,000	38,000	38,000

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;

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## LETTER FROM THE BOARD

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- (2) as at the Latest Practicable Date, the Group had placed deposits with not less than eight different banks (including CE Bank) in the PRC and Hong Kong. Furthermore, the Deposit Services will be obtained by the Group on a voluntary and non-exclusive basis. There is no restriction under the New 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. The Group has been diversifying the banks or financial institutions for cash deposits for the purpose of risk management of its capital and the proposed annual caps can provide more flexibility to the Group's cash management and allocation, such as maximising the interest income earned from deposit.

### *Reasons and benefits for the transactions*

CE Bank has been providing the Deposit Services to the Group prior to the listing of the Company on the Stock Exchange in 2017, which has developed a deep understanding of the capital needs and business model of the Group. Moreover, CE Bank offers lower handling fees for internal settlements among members of the Group and settlements to third parties through CE Bank accounts when compared to other bank accounts, and most of the miscellaneous fees are waived for the Deposit Services provided by CE Bank. 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 interest 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 New Deposit Service Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the New 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.

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## LETTER FROM THE BOARD

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### 2. Internal Control Measures

In order to ensure that the pricing policy in the New Deposit Service Framework Agreement 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 by obtaining quotations from CE Bank and at least two other independent banks for rates of deposits of an equivalent amount and for the equivalent period, and will only use the Deposit 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 the actual maximum daily balance of deposits to be placed by the Group with CE Bank pursuant to the New Deposit Service Framework Agreement and the Deposit Agreements, so as to ensure that the maximum daily balance will not exceed the proposed annual caps for each financial year;
- (iii) the internal control department and relevant personnel of the Company shall monitor and ensure all transactions contemplated under the New Deposit Service Framework Agreement are entered into on normal commercial terms or better, are fair and reasonable, and are carried out pursuant to the terms of the New Deposit Service Framework Agreement;
- (iv) the independent non-executive Directors will review the transactions to be entered into pursuant to the New Deposit Service Framework Agreement 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 New Deposit Service Framework Agreement; and
- (v) 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 New Deposit Service Framework Agreement.

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## LETTER FROM THE BOARD

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### **3. Information of the Company, China Everbright and CE Bank**

The Company is an investment holding company principally engaged in property leasing, provision of property management services and sales of properties held for sale. As at the Latest Practicable Date, the premises owned by the Group 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 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. CE Bank is a subsidiary of China Everbright due to consolidation of its financial statements into those of China Everbright.

### **4. 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 331,000,000 Shares (representing approximately 74.99% of the issued 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 New Deposit Service Framework Agreement 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 annual caps of the transactions to be contemplated under the New Deposit Service Framework Agreement 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.

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## LETTER FROM THE BOARD

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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 under the New Deposit Service Framework Agreement 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 New Deposit Service Framework Agreement. However, for good corporate governance, Mr. Liu Jia (an executive Director), who is also a director of certain subsidiaries of China Everbright, has voluntarily abstained from voting on the relevant Board resolutions approving the New Deposit Service Framework Agreement.

As China Everbright and its associates have material interests in the transactions to be contemplated under the New Deposit Service Framework Agreement, China Everbright and its associates, which exercise control over the voting right (through direct and indirect shareholding) of 331,000,000 Shares in aggregate, representing approximately 74.99% of the Company's total issued share capital as at the Latest Practicable Date, including Lucky Link Investments Limited (directly holding 297,900,000 Shares) and Top Charm Investments Limited (directly holding 33,100,000 Shares) will be required to abstain from voting at the EGM with respect to the ordinary resolution in connection with the New Deposit Service Framework Agreement and its proposed annual caps.

### **5. Independent Board Committee**

The Independent Board Committee has been formed by the Company to consider, and to advise the Independent Shareholders on, the terms of the New Deposit Service Framework Agreement and its proposed annual caps.

Gram Capital has been appointed as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders on the terms of the New Deposit Service Framework Agreement and its proposed annual caps. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 14 to 15 of this circular. The letter from the Independent Board Committee to the Independent Shareholders contains its recommendation on the New Deposit Service Framework Agreement and its proposed annual caps. Having considered the appropriate internal control measures in place and the pricing policies with respect to the New Deposit Service Framework Agreement, the methods and procedures established by the Company to ensure the strict compliance with the transactions contemplated thereunder the New Deposit Service Framework Agreement will be conducted in the

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## LETTER FROM THE BOARD

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ordinary and usual course of business and on normal commercial terms, the independent non-executive Directors are of the view that the New Deposit Service Framework Agreement and its proposed annual caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **6. Independent Financial Adviser**

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 the New Deposit Service Framework Agreement and its proposed annual caps are fair and reasonable, and whether it is in the interests of the Company and the Shareholders as a whole. A letter from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 26 of this circular. The letter from Gram Capital to the Independent Board Committee and the Independent Shareholders contains factors they have considered and their recommendations on the New Deposit Service Framework Agreement and its proposed annual caps.

### **III. EGM**

The notice convening the EGM is set out on pages 31 to 32 of this circular. At the EGM, an ordinary resolution will be proposed to approve, among other things, the entering of the New Deposit Service Framework Agreement and its proposed annual caps.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon to the Company's branch share register in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. not later than 3:00 p.m. on Wednesday, 21 December 2022) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

For determining the entitlement to attend and vote at the EGM, the Register of Members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the Register of Members of the Company on Friday, 23 December 2022 will be entitled to attend and vote at the EGM.

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## LETTER FROM THE BOARD

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### IV. RECOMMENDATION

The Directors (including the independent non-executive Directors whose recommendation is contained in the Letter from the Independent Board Committee of this circular) are of the view that transactions to be conducted under the New Deposit Service Framework Agreement are within the ordinary and usual course of business of the Company, and the terms of the New Deposit Service Framework Agreement and its proposed annual caps are fair and reasonable and are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Independent Shareholders vote in favour of the New Deposit Service Framework Agreement, its proposed annual caps and the ordinary resolution of the transactions contemplated under the New Deposit Service Framework Agreement to be proposed at the EGM.

### V. OTHER INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 14 to 15 of this circular which contains its recommendation to the Independent Shareholders on the New Deposit Service Framework Agreement and its proposed annual caps; and (ii) the letter from the Independent Financial Adviser set out on pages 16 to 26 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the New Deposit Service Framework Agreement and its proposed annual caps and the principal factors and reasons considered by Gram Capital in arriving at its advice.

Your attention is also drawn to the other information set out in the appendix to this circular.

Yours faithfully,

By and on behalf of the Board  
**Everbright Grand China Assets Limited**

**LIU Jia**

*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the New Deposit Service Framework Agreement:*



### 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)**

8 December 2022

*To the Independent Shareholders*

Dear Sir or Madam,

#### **CONTINUING CONNECTED TRANSACTION: NEW DEPOSIT SERVICE FRAMEWORK AGREEMENT**

We refer to the circular of the Company (the “**Circular**”) dated 8 December 2022 of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the New Deposit Service Framework Agreement and its proposed annual caps, and to give recommendation to the Independent Shareholders as to whether, in our opinion, the terms of the New Deposit Service Framework Agreement and its proposed annual caps are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and whether the New Deposit Service Framework Agreement and its proposed annual caps is in the interests of the Company and its Shareholders as a whole. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Deposit Service Framework Agreement and its proposed annual caps.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board set out in the section of Letter from the Board in the Circular which contains, among other things, information about the New Deposit Service Framework Agreement and its proposed annual caps, and the letter of advice from Gram Capital set out in the section of Letter from Gram Capital in the Circular which contains its advice in respect of the terms of the New Deposit Service Framework Agreement and its proposed annual caps.

Having taken into account the advice from Gram Capital, we consider that the terms of the New Deposit Service Framework Agreement and its proposed annual caps are fair and reasonable on normal commercial terms and in the ordinary and usual course of business of the Company so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the New Deposit Service Framework Agreement, its proposed annual caps and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**Independent Board Committee**

**TSOI David**

**SHEK Lai Him**

**LEE Jor Hung**

**WANG Cheung Yue**

**Abraham**

*Independent*

*Independent*

*Independent*

*Independent*

*non-executive Director*

*non-executive Director*

*non-executive Director*

*non-executive Director*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

8 December 2022

*To: The independent board committee and the independent shareholders  
of Everbright Grand China Assets Limited*

Dear Sirs,

### **DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services contemplated under the New Deposit Service Framework Agreement, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 8 December 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Existing Deposit Service Framework Agreement will expire on 31 December 2022. Having considered the future needs of the Group and to better regulate the existing and future continuing connected transactions between the Group and CE Bank on the provision of the Deposit Services, on 18 November 2022, the Company and China Everbright entered into the New Deposit Service Framework Agreement for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, the Deposit Services contemplated under the New Deposit Service Framework Agreement constitute discloseable and continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Tsoi David, Mr. Shek Lai Him Abraham, Mr. Lee Jor Hung and Mr. Wang Cheung Yue (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Services are fair and reasonable and on normal commercial terms; (ii) whether the Deposit Services are in the interests of the Company and its Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the New Deposit Service Framework Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

We were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Deposit Services. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

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## LETTER FROM GRAM CAPITAL

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The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters omitted which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Everbright, CE Bank or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the entering into the New Deposit Service Framework Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

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## LETTER FROM GRAM CAPITAL

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Deposit Services, we have taken into consideration the following principal factors and reasons:

#### 1. Background of and reasons for the Deposit Services

##### Business overview of the Group

With reference to the Board Letter, the Company is an investment holding company and the Group is principally engaged in property leasing, provision of property management services and sales of properties held for sale. As at the Latest Practicable Date, the premises owned by the Group 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.

Set out below is a summary of the consolidated financial information of the Group for the two years ended 31 December 2021 as extracted from the Company's annual report for the year ended 31 December 2021 (the "2021 Annual Report") and for the six months ended 30 June 2022 as extracted from the Company's interim report for the six months ended 30 June 2022 (the "2022 Interim Report"):

	For the six months ended 30 June 2022 <i>RMB'000</i> <i>(unaudited)</i>	For the year ended 31 December 2021 <i>RMB'000</i> <i>(audited)</i>	For the year ended 31 December 2020 <i>RMB'000</i> <i>(audited)</i>	Change from 2020 to 2021 %
Revenue	27,083	52,678	51,734	1.82
— Provision of property management services	7,105	15,419	14,997	2.81
— Gross rentals from investment properties	19,978	37,259	36,737	1.42
Gross profit	20,807	39,612	39,319	0.75
Profit attributable to equity shareholders of the Company	12,250	32,673	33,982	(3.85)

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## LETTER FROM GRAM CAPITAL

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	As at 30 June 2022 RMB'000 (unaudited)	As at 31 December 2021 RMB'000 (audited)	As at 31 December 2020 RMB'000 (audited)	Change from 2020 to 2021 %
Cash and cash equivalents	206,261	203,770	217,766	(6.43)

As illustrated in the above table, the Group's revenue was approximately RMB52.68 million for the year ended 31 December 2021 ("FY2021"), represented an increase of approximately 1.82% as compared with that for the year ended 31 December 2020 ("FY2020"). With reference to the 2021 Annual Report, such increase was mainly due to the rise in occupancy rate of the Group's investment properties in FY2021. The Group recorded profit attributable to equity shareholders of the Company of approximately RMB32.67 million for FY2021, represented a decrease of approximately 3.85% as compared with that for FY2020. With reference to the 2021 Annual Report, such decrease was primarily due to absence of gain on disposal of investment properties for FY2021.

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB206.26 million.

With reference to the 2022 Interim Report, with the normalisation of the epidemic prevention and control, the Group will advance work closely associated with the Company's goal to diversify value-added services, to continuously improve the Group's brand image and popularity, and to optimise and upgrade service quality and users' experiences. Simultaneously, the Group will seek new projects in property management to increase income, improve sustainable development, and protect the long-term interests of shareholders.

### Information of China Everbright and CE Bank

With reference to the Board Letter, 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. China Everbright is a controlling Shareholder, and thus China Everbright and its associates (other than the Group) are connected persons of the Company.

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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, 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.

### **Reasons for and benefits of the Deposit Services**

With reference to the Board Letter, CE Bank has been providing the Deposit Services to the Group prior to the listing of the Company on the Stock Exchange in 2017, which has developed a deep understanding of the capital needs and business model of the Group. Moreover, CE Bank offers lower handling fees for internal settlements among members of the Group and settlements to third parties through CE Bank accounts when compared to other bank accounts, and most of the miscellaneous fees are waived for the Deposit Services provided by CE Bank. 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 interest 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.

Having considered that (i) the Deposits Services are required for the Group's business operation; and (ii) the reasons for and benefits of the Deposit Services as set out above, we are of the view that the Deposit Services are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM GRAM CAPITAL

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### **New Deposit Service Framework Agreement**

Principal terms of Deposit Services under the New Deposit Service Framework Agreement are set out below:

**Agreement date:** 18 November 2022

**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 commencing from 1 January 2023 to 31 December 2025. The New 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 New Deposit Service Framework Agreement.

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



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## LETTER FROM GRAM CAPITAL

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**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 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 (including the China Banking and Insurance Regulatory Commission and the Hong Kong Monetary Authority).

For our due diligence purpose, we obtained lists of deposit balances regarding deposit placed by the Group with CE Bank (the “**Connected Deposit Balance(s)**”) for FY2020, FY2021 and the six months ended 30 June 2022 (the “**Deposit Lists**”). We randomly selected one Connected Deposit Balance from the Deposit Lists for each of FY2020, FY2021 and the six months ended 30 June 2022, and the Company provided us with the deposit records on the selected Connected Deposit Balances, together with a set of internal documents (including quotations from CE Bank and other independent banks, internal reports prepared based on the said quotations). We noted from the aforementioned documents that the interest rates offered by CE Bank were not less than those offered by independent banks. In addition, nothing came to our attention that caused us to believe that the interest rate determination under the aforementioned documents was not complied with the pricing policies of the Deposit Services.

With reference to the 2021 Annual Report and as confirmed by the Directors, the independent non-executive Directors have reviewed, amongst others, the Deposit Services for FY2021 and confirmed that the transactions have been entered into by the Group (i) in the ordinary and usual course of its business; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and (iii) in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole. Pursuant to Rule 14A.56 of the Listing Rules, the Company's auditors were engaged to report on, amongst others, the Deposit Services for FY2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with

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## LETTER FROM GRAM CAPITAL

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reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Company’s auditors have not qualified its report in respect of the Deposit Services for FY2021.

In order to ensure that the pricing policy of the New Deposit Service Framework Agreement is adhered to, the Group has the internal control procedures and policies as set out under the section headed “2. Internal Control Measures” of the Board Letter (the “**IC Procedures & Policies**”).

We consider that the effective implementation of the IC Procedures & Policies would help to ensure fair determination of the interest rates for the Deposit Services.

### Annual caps of Deposit Services (the “Deposit Cap(s)”)

The historical figures and annual caps of the Deposit Services for the three years ending 31 December 2022 are set out as follows:

	<b>For the year ended 31 December 2020 RMB'000</b>	<b>For the year ended 31 December 2021 RMB'000</b>	<b>For the year ending 31 December 2022 RMB'000</b>
Maximum daily balance of deposits (including interests accrued thereon) placed by the Group with CE Bank (the “ <b>Maximum Balance</b> ”)	22,057	28,000	30,857 (Note)
Annual caps	46,000	46,000	46,000
Utilisation rate (%)	47.95	60.87	Undetermined

The proposed annual caps of the Deposit Services are set out as follows:

	<b>For the year ending 31 December 2023 RMB'000</b>	<b>For the year ending 31 December 2024 RMB'000</b>	<b>For the year ending 31 December 2025 RMB'000</b>
Maximum daily balance of deposits (including interests accrued thereon) to be placed by the Group with CE Bank	38,000	38,000	38,000

*Note:* the figure was for the six months ended 30 June 2022.

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## LETTER FROM GRAM CAPITAL

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We noted that the Deposit Caps were determined with reference to the factors set out under the section headed “Proposed annual caps” of the Board Letter.

We noted that (i) the Maximum Balance for FY2020 represented approximately 10% of the Group’s cash and cash equivalents of approximately RMB218 million as at 31 December 2020; (ii) the Maximum Balance for FY2021 represented approximately 14% of the Group’s cash and cash equivalents of approximately RMB204 million as at 31 December 2021; and (iii) the Maximum Balance for the six months ended 30 June 2022 represented approximately 15% of the Group’s cash and cash equivalents of approximately RMB206 million as at 30 June 2022.

Having considered the above and the utilisation rates of the Deposit Caps for FY2020 and FY2021, we are of the view that it is reasonable for the Company to (i) adjust downward the Deposit Caps from RMB46 million for the three years ending 31 December 2022 to RMB38 million for the three years ending 31 December 2025, representing a decrease of approximately 17%; and (ii) maintain flexibility for the Group to place deposit with CE Bank by setting the Deposit Caps at RMB38 million.

Accordingly, we consider the Deposit Caps for the three years ending 31 December 2025 to be fair and reasonable.

In light of the above, we consider that the terms of the Deposit Services (including the Deposit Caps) are on normal commercial terms and are fair and reasonable.

### **Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the maximum daily balances of the deposits to be placed by CE Bank must be restricted by the Deposit Caps for the period concerned under the New Deposit Service Framework Agreement; (ii) the terms of the Deposit Services must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors’ annual review on the terms of the Deposit Services must be included in the Company’s subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Deposit Services (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) have exceeded the annual caps. In the event that the maximum daily balances of the deposits to be placed by CE Bank are anticipated to exceed the annual caps, or that there is any

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## LETTER FROM GRAM CAPITAL

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proposed material amendment to the terms of the New Deposit Service Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the stipulation of the above requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Deposit Services and hence the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into account that above factors and reasons, we are of the opinion that (i) the Deposit Services are conducted under the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Deposit Services are on normal commercial terms and are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the relevant ordinary resolution to be proposed at the EGM to approve the Deposit Services and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. DISCLOSURE OF INTERESTS****(1) Directors' and chief executive's interests in the Company and associated corporations**

As at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register kept by the Company pursuant to section 352 of the SFO or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**(2) Substantial Shareholders' interests in the Company**

So far as is known to the Directors or the chief executive of the Company, as at the Latest Practicable Date, the persons (other than Directors or chief executives of the Company) who had an interest or short position in the Shares or underlying Shares, which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

<b>Name</b>	<i>Notes</i>	<b>Capacity</b>	<b>Number of ordinary Shares interested</b>	<b>Approximately percentage of interest</b>
Lucky Link Investments Limited (“ <b>Lucky Link</b> ”)	<i>1</i>	Beneficial owner	297,900,000	67.49%
Top Charm Investments Limited (“ <b>Top Charm</b> ”)	<i>1</i>	Beneficial owner	33,100,000	7.50%
Capital Century Company Limited (“ <b>Capital Century</b> ”)	<i>1</i>	Interested in controlled corporation	331,000,000	74.99%
CE Hong Kong	<i>2</i>	Interested in controlled corporation	331,000,000	74.99%
China Everbright	<i>3</i>	Interested in controlled corporation	331,000,000	74.99%
Central Huijin Investment Ltd. (“ <b>Huijin</b> ”)	<i>4</i>	Interested in controlled corporation	331,000,000	74.99%

*Notes:*

- (1) Lucky Link and Top Charm directly hold approximately 67.49% and 7.50% of the total issued shares, respectively, Capital Century holds 100% shares in Lucky Link and Top Charm and is therefore deemed to be interested in 297,900,000 and 33,100,000 shares held by Lucky Link and Top Charm, respectively. Mr. Liu Jia, Mr. Ma Heming, Ms. Wang Yun and Mr. Zhuang Minrong, being the Directors, are also directors of Capital Century.
- (2) CE Hong Kong is an indirect controlling shareholder of Lucky Link and Top Charm. CE Hong Kong directly holds 99.997% shares in Capital Century, 0.3% of which is held on trust for the National Administrative Bureau of State Owned Property, and indirectly holds 0.003% shares in Capital Century through China Everbright Holdings (Nominee) Limited. Therefore, CE Hong Kong is deemed to be interested in 297,900,000 and 33,100,000 shares held by Lucky Link and Top Charm, respectively. Mr. Liu Jia and Ms. Wang Yun, being the Directors, are also directors of CE Hong Kong.

- (3) China Everbright holds 100% shares in CE Hong Kong and is therefore deemed to be interested in 297,900,000 and 33,100,000 shares held by Lucky Link and Top Charm, respectively.
- (4) Huijin is indirectly wholly-owned by the State Council of the PRC and holds 63.16% equity interest in China Everbright. It is deemed to be interested in 297,900,000 and 33,100,000 shares held by Lucky Link and Top Charm, respectively.

### **3. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or has or may have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

### **4. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up).

### **5. SERVICE CONTRACTS OF DIRECTORS**

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### **6. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

**7. EXPERT AND CONSENT**

The following is the qualification of the expert who has given opinion or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital was not beneficially interested in the share capital of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Group.

As at the Latest Practicable Date, Gram Capital had no direct or indirect interest in any assets which had been since 31 December 2021 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group.

Gram Capital has given and has not withdrawn its written consent to the issue of this circular, with the inclusion therein of its letter(s), report(s), opinion and/or the references to its name in the form and context in which it appears.

The letter and recommendation from Gram Capital are given as of the date of this circular for incorporation herein.

**8. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ebgca.com.hk>) from the date of this circular and for a reasonable period of time (not less than 14 days):

- (a) the New Deposit Framework Agreement;
- (b) the letter from the Independent Board Committee;
- (c) the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders;
- (d) the written consent given by Gram Capital; and
- (e) this circular.



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## NOTICE OF EGM

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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)

### EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the extraordinary general meeting (the “EGM”) of Everbright Grand China Assets Limited (the “Company”) will be held at Function Rooms 4–6, 2/F, The Harbourview Hotel Hong Kong, 4 Harbour Road, Wan Chai, Hong Kong on Friday, 23 December 2022 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 8 December 2022 (the “Circular”):

#### ORDINARY RESOLUTION

“THAT

- (a) the execution of the New Deposit Service Framework Agreement and its proposed annual caps (as defined and described in the Circular) be and are hereby confirmed, ratified and approved and the transactions contemplated thereunder be and is hereby approved; and

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## NOTICE OF EGM

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- (b) any one or more directors of the Company be and are hereby authorised to do all such acts and things as they consider necessary and to sign and execute all such documents (including under the seal of the Company), and to take all such steps which in their opinion may be necessary appropriate, desirable or expedient for the purpose of giving effect to the New Deposit Service Framework Agreement and its proposed annual caps and completing the transactions contemplated thereunder.”

By and on behalf of the Board  
**Everbright Grand China Assets Limited**  
**LIU Jia**  
*Chairman*

Hong Kong, 8 December 2022

*Notes:*

- (1) A resolution at the meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (2) Any shareholder of the Company entitled to attend and vote at the above meeting is entitled to appoint more than one proxy to attend and on a poll, vote instead of him/her. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant proxy form. Every shareholder presents in person or by proxy shall be entitled to one vote for each share held by him/her.
- (3) In order to be valid, the proxy form together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time appointed for the above meeting (i.e. not later than 3:00 p.m. on Wednesday, 21 December 2022) or the adjourned meeting (as the case may be). Delivery of the proxy form shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (4) For determining the entitlement to attend and vote at the above meeting, the Register of Members of the Company will be closed from Tuesday, 20 December 2022 to Friday, 23 December 2022, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the EGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 19 December 2022.
- (5) Details of the abovementioned resolution to be considered and approved at the EGM are set out in the circular of the Company in respect of the EGM dated 8 December 2022.
- (6) References to time and dates in this notice are to Hong Kong time and dates.

*As at the date of this notice, the Board comprises Mr. Liu Jia and Mr. Ma Heming as executive Directors; Ms. Wang Yun and Mr. Zhuang Minrong as non-executive Directors; and Mr. Tsoi David, Mr. Shek Lai Him Abraham, Mr. Lee Jor Hung and Mr. Wang Cheung Yue as independent non-executive Directors.*

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## PRECAUTIONARY MEASURES FOR THE EGM

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The health of the Company's shareholders, staff and stakeholders is of paramount importance to the Company. In view of the ongoing COVID-19 pandemic, the Company will implement the following precautionary measures at the EGM to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Seating at the meeting venue will be arranged so as to allow for appropriate social distancing.
- (iii) Each attendee is required to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
- (iv) No refreshment will be served, and there will be no corporate gift.
- (v) Each attendee may be asked whether (a) he/she had travelled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and returning the proxy form attached to this document to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 3:00 p.m. on Wednesday, 21 December 2022) or the adjourned meeting (as the case may be).

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our head office and principal place of business in Hong Kong or to our email at [inquiry@ebgca.com.hk](mailto:inquiry@ebgca.com.hk).

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## **PRECAUTIONARY MEASURES FOR THE EGM**

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If any shareholder has any question relating to the meeting, please contact Tricor Investor Services Limited, the Company's Hong Kong branch share registrar as follows:

**Tricor Investor Services Limited**

Address: 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

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