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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)**

**PROPOSED CHANGE OF AUDITOR**

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Everbright Grand China Assets Limited (the “**Company**”) pursuant to Rule 13.51(4) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

**RETIREMENT OF AUDITOR**

The Board hereby announces that Ernst & Young (“**EY**”), the current auditor of the Company, will retire upon expiration of its terms of office at the conclusion of the forthcoming annual general meeting (“**AGM**”) of the Company to be held on 6 June 2024 (the “**2024 AGM**”) and will not be re-appointed.

According to the relevant regulations issued by the Ministry of Finance of the People’s Republic of China (the “**PRC**”) and the State-owned Assets Supervision and Administration Commission of the State Council of the PRC regarding the audit work on financial statements of central state-owned enterprises, there are restrictions in respect of the number of years of audit services that an accounting firm can continuously provide to a state-owned enterprise. The Company is a subsidiary of China Everbright Group Limited which is a state-owned enterprise. Since the number of years that the China Everbright Group Limited has continuously engaged EY as its auditor has reached the prescribed time limit, the Board decided to align with the audit arrangement of China Everbright Group Limited for efficiency and EY will retire upon expiration of its term of office at the conclusion of the 2024 AGM and will not be re-appointed.

The Company has received a confirmation letter from EY confirming that as of the date of this announcement, there are no matters connected with its retirement that need to be brought to the attention of the shareholders of the Company (the “**Shareholders**”). The

Board and the audit committee of the Company (the “**Audit Committee**”) further confirmed that there are no matters connected with the retirement of EY that need to be brought to the attention of the Shareholders.

The Board would like to take this opportunity to express its gratitude to EY for their professional services in the previous years.

## **PROPOSED APPOINTMENT OF AUDITOR**

The Board further announces that, with the recommendation from the Audit Committee, the Board will propose to appoint KPMG (“**KPMG**”) as the auditor of the Company for the year ending 31 December 2024 following the retirement of EY, and to hold office until the conclusion of the next AGM of the Company to be held in 2025, subject to the approval of the Shareholders at the 2024 AGM.

The Audit Committee has considered a number of factors when recommending KPMG as the auditor of the Company to the Board, including but not limited to (i) its experience in handling audit work for companies listed on the Stock Exchange, its industry knowledge and its familiarity with the requirements under the Listing Rules, and the International Financial Reporting Standards; (ii) its resources allocation, quality and capability including but not limited to manpower, time and other resources allocation; (iii) its independence and objectivity; (iv) its audit fee; (v) its market reputation; (vi) the size, complexity and risk of the Company; (vii) the “Guidelines for Effective Audit Committees — Selection, Appointment and Reappointment of Auditors” issued by the Accounting and Financial Reporting Council (“**AFRC**”) in December 2021; and (viii) the “Guidance Notes on Change of Auditors” published by the AFRC in September 2023.

Based on the above, the Audit Committee has assessed and considered that KPMG is eligible and suitable to act as the new auditor of the Company. The Board and the Audit Committee are of the view that the appointment of KPMG as the auditor of the Company is in the interest of the Company and the Shareholders as a whole.

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

Hong Kong, 27 March 2024

*As at the date of this announcement, the Board comprises Mr. Liu Jia and Mr. Ma Heming as executive Directors; Mr. Zhuang Minrong and Ms. Yin Junyan 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.*