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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred all** your shares in China Electronics Optics Valley Union Holding Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**China Electronics Optics Valley Union Holding Company Limited**

**中電光谷聯合控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 798)**

**(1) RENEWAL OF DISCLOSEABLE AND CONTINUING CONNECTED  
TRANSACTIONS – 2023 FINANCIAL SERVICES AGREEMENT  
AND  
(2) NOTICE OF EGM**

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



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A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 4 to 14 of this circular. A letter from Gram Capital to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 16 of this circular.

A notice convening the EGM of China Electronics Optics Valley Union Holding Company Limited to be held at the Meeting Room No. 2, 2/F, Exhibition Hall, Shanghai CEC Information Port, Lane 333, Wensong Road, Songjiang District, Shanghai, PRC on Thursday, 24 August 2023 at 9:30 a.m. is set out on pages 29 to 30 of this circular. A form of proxy for use at the EGM is enclosed. Such form of proxy is also published on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.ceovu.com>).

Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM (i.e. no later than Tuesday, 22 August 2023 at 9:30 a.m., Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

Date: 2 August 2023

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following expressions have the following meanings:*

“2020 Financial Services Agreement”	the financial services agreement dated 27 September 2017 entered into between the Company and CEC Finance as supplemented by the supplemental agreements dated 13 November 2019 and 19 May 2020
“2023 Financial Services Agreement”	the financial services agreement dated 5 July 2023 entered into between the Company and CEC Finance
“AAA Finance”	has the same meaning ascribed thereto in the section headed “2. Directors’ and Chief Executive’s Interests in Securities” in “Appendix – General Information” contained in this circular
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission
“CEC”	中國電子信息產業集團有限公司(China Electronics Corporation Limited*), a state-owned company established under the laws of the PRC and a substantial shareholder of the Company
“CEC Finance”	中國電子財務有限責任公司(China Electronics Financial Co., Ltd.*), a company established under the laws of the PRC and a non-wholly owned subsidiary of CEC
“CEC Group”	CEC and its subsidiaries
“Company”	China Electronics Optics Valley Union Holding Company Limited, a company incorporated in Cayman Islands with limited liability whose issued shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve the 2023 Financial Services Agreement, the transactions contemplated thereunder and the New Caps
“Existing Caps”	the annual cap amounts for the three years ended 25 June 2023 in respect of the maximum daily balance of funds settlement balance under the 2020 Financial Services Agreement

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	a committee of the Board comprising Mr. Qi Min, Mr. Qiu Hongsheng and Mr. Qi Liang, being the independent non-executive Directors, to advise the Independent Shareholders on the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New 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 in respect of the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps
“Independent Shareholders”	Shareholders who are not required to abstain from voting at the relevant general meeting of the Company to be held to consider, and if thought fit, approve the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the proposed New Caps
“Latest Practicable Date”	27 July 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Caps”	the new annual cap amounts for the three years ending 29 June 2026 in respect of the maximum daily balance of funds settlement balance (deposit amount) under the 2023 Financial Services Agreement
“NFRA”	National Financial Regulatory Administration* (國家金融監督管理總局) of the PRC, which was officially established on the basis of the China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) on 18 May 2023
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

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## DEFINITIONS

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“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of shares of the Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*In this circular, if there is any inconsistency between the Chinese names of the PRC entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The translation of company names marked with “\*” is for identification purposes only.*

*For the purpose of this circular, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.0862 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.*

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LETTER FROM THE BOARD

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**China Electronics Optics Valley Union Holding Company Limited**  
**中電光谷聯合控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 798)**

*Non-executive Directors:*

Liu Guilin (*Chairman*)  
Xiang Qunxiong  
Zhang Jie  
Sun Ying  
Hu Bin

*Independent Non-executive Directors:*

Qi Min  
Qiu Hongsheng  
Qi Liang

*Executive Director:*

Huang Liping (*President*)

*Registered office:*

Windward 3, Regatta Office Park  
P. O. Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

*Headquarters and Principal Place  
of Business in the PRC:*

Building No. 1, Higher Level  
Creative Capital  
16 Ye Zhi Hu West Road  
Hongshan District  
Wuhan, Hubei  
PRC

*Principal place of business  
in Hong Kong:*

19/F, Cheung Kong Center  
2 Queen's Road Central  
Central, Hong Kong

Hong Kong, 2 August 2023

*To the Shareholders*

Dear Sir or Madam,

**(1) RENEWAL OF DISCLOSEABLE AND CONTINUING CONNECTED  
TRANSACTIONS – 2023 FINANCIAL SERVICES AGREEMENT  
AND  
(2) NOTICE OF EGM**

We refer to the announcement of the Company dated 5 July 2023 in relation to the entering into of the 2023 Financial Services Agreement.

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

Reference is made to the announcement of the Company dated 19 May 2020 in relation to the 2020 Financial Services Agreement. Pursuant to the 2020 Financial Services Agreement, CEC Finance has agreed to provide, inter alia, certain deposit services to the Group. CEC Finance is a non-banking financial institution established with the approval of the CBRC.

Since the deposit services under the 2020 Financial Services Agreement has expired on 25 June 2023, and the Company intends to continue carrying out the relevant transactions under the 2020 Financial Services Agreement, the Company has entered into the 2023 Financial Services Agreement with CEC Finance on 5 July 2023 to renew and set the annual caps for the deposit services for the three years ending 29 June 2026 (i.e. the New Caps). The 2023 Financial Services Agreement and the New Caps are conditional upon the approval of the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the 2023 Financial Services Agreement and the New Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps; and (iii) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps.

### 2. THE 2023 FINANCIAL SERVICES AGREEMENT

Date: 5 July 2023

Parties: (a) The Company  
(b) CEC Finance

#### **Subject matter**

The major terms of the 2023 Financial Services Agreement are substantially the same as those of the 2020 Financial Services Agreement.

The Group shall have the right to engage the financial services to be provided by CEC Finance, on a non-exclusive basis and may also engage the relevant financial services offered by other financial institutions during the term of the 2023 Financial Service Agreement.

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## LETTER FROM THE BOARD

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### *Deposit services*

Pursuant to the 2023 Financial Services Agreement, conditional upon obtaining the Independent Shareholders' approval pursuant to the Listing Rules, CEC Finance shall provide certain deposit services to the Group, the principal terms of which are as follows:

- (a) the interest rate for the deposit of the Group's funds with CEC Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same duration; and
- (b) maximum daily balance of the funds settlement balance (deposit amount) placed by the Group with CEC Finance for each of the three years ending 29 June 2026 (i.e. the New Caps) shall not exceed RMB600 million (equivalent to approximately HK\$651.7 million).

### *Other terms of the 2023 Financial Services Agreement*

In addition to the abovementioned deposit services, pursuant to the 2023 Financial Services Agreement, CEC Finance has also agreed to provide the following financial services to the Group:

#### *(1) Loan services*

CEC Finance shall provide certain loan services to the Group pursuant to the 2023 Financial Services Agreement. As the said loan services to be provided by CEC Finance to the Group shall be on normal commercial terms similar to or more favourable than those offered by other financial institutions for the provision of comparable services in the PRC and are for the benefit of the Group, and that the Company expects that no security over the assets of the Group will be granted in respect of such loan services, the loan services to be provided by CEC Finance to the Group under the 2023 Financial Services Agreement will be exempt from all reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For completeness, the major terms of the said loan services to be provided by CEC Finance to the Group are set out below for the Shareholders' information:

- (i) the loan services to be provided by CEC Finance include the provision of loans and the grant of credit facilities within the scope allowed by the laws, regulations and policies of the PRC and in accordance with the requirements of the NFRA;
- (ii) the interest rate for the loan services to be provided by CEC Finance to the Group shall, subject to the compliance of the relevant requirements of the People's Bank of China in relation to the interest of loans, not exceed interest rate for the same type of loan provided by other financial institutions in the PRC to the Group for the same period; and



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## LETTER FROM THE BOARD

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- (iii) CEC Finance shall provide a credit facility in respect of the loan services of up to RMB1,500 million to the Group.

(2) *Miscellaneous financial services*

CEC Finance shall also provide certain other miscellaneous financial services to the Group pursuant to the 2023 Financial Services Agreement. In respect of the provision of such financial services by CEC Finance to the Group, as the Company expects that all the percentage ratios (if applicable) of the relevant annual fees payable by the Group to CEC Finance in aggregate will be below 0.1%, the provision of such financial services by CEC Finance to the Group will be exempt from the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

For completeness, the major terms of the provision of such financial services by CEC Finance to the Group are set out below for the Shareholders' information:

- (i) the miscellaneous financial services include the provision of investment and financial advisory and consultation services, credit verification services, provision of guarantees, provision of entrusted loans services and settlement services by CEC Finance to the Group; and
- (ii) the fees to be charged by CEC Finance for the provision of the miscellaneous financial services shall not exceed the rate for the same type of services provided by other financial institutions in the PRC to the Group in the same period.

### **Renewal of the annual caps under the 2023 Financial Services Agreement**

The table below sets out the Existing Caps, and the historical maximum daily balance of funds settlement balance (deposit amount) for each of the three years ended 25 June 2021, 25 June 2022 and 25 June 2023, respectively:

	<b>From 26 June 2020 to 25 June 2021</b>	<b>From 26 June 2021 to 25 June 2022</b>	<b>From 26 June 2022 to 25 June 2023</b>
	<i>(RMB)</i>	<i>(RMB)</i>	<i>(RMB)</i>
Existing Caps	650 million	650 million	650 million
Historical maximum daily balance of funds settlement balance (deposit amount)	307.18 million	302.66 million	335.22 million

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## LETTER FROM THE BOARD

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The table below sets out the New Caps for the three years ending 29 June 2026:

	From 30 June 2023 to 29 June 2024 (RMB)	From 30 June 2024 to 29 June 2025 (RMB)	From 30 June 2025 to 29 June 2026 (RMB)
New Caps	600 million	600 million	600 million

The Directors confirm that the historical maximum daily balance of funds settlement balance (deposit amount) for each of the three years ended 25 June 2021, 2022 and 2023, respectively, has not exceeded the Existing Caps and no funds has been deposited by the Group with CEC Finance since 26 June 2023 (after the expiry of the 2020 Financial Services Agreement).

The Group experienced an increase in revenue from approximately RMB3.05 billion for the year ended 31 December 2020 to approximately RMB5.52 billion for the year ended 31 December 2022, representing a substantial increase of approximately 81.2% during the said period. Furthermore, the cash and cash equivalents of the Group increased from approximately RMB2.12 billion as at 31 December 2020 to approximately RMB2.25 billion as at 31 December 2022, representing an increase of approximately 6.08% during the said period. Hence, the demand of deposit services has continued to be significant.

When considering the allocation of the Group's funds to be deposited, and whether a commercial bank or a financial institution is suitable for depositing funds, the Group would consider the expected amount of interest income to be generated and the policy of flexible deposit withdrawal. Pursuant to the 2023 Financial Services Agreement, the interest rates offered by and/or the rates charged by CEC Finance for the deposit services shall be equal to or more favourable than those offered and/or charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the Company and the Group may allocate the deposit with CEC Finance with flexibility according to its operational needs. Such flexibility is greater than that of the other commercial banks or financial institutions. Hence, the Board considers that the expected amount of interest income from depositing with CEC Finance will be at least equal to, or more favourable than, depositing the Group's idle cash with other commercial banks or financial institutions.

The historical utilisation rates of the Existing Caps for the three years ended 25 June 2021, 2022 and 2023 were approximately 47.26%, 46.56% and 51.57%, respectively. The relatively low utilisation rates were mainly due to the fact that the funds of the Group were mainly deposited with other commercial banks.

Further, while the New Caps of RMB600 million represent an increase of approximately RMB264.78 million (the "**Increase**") as compared to the historical maximum daily balance of funds settlement balance (deposit amount) during the term of the 2020 Financial Services Agreement, the New Caps can provide additional buffer and flexibility to the Group in managing and arranging the deposits. The Group's cash and cash equivalents and the restricted cash (collectively, the "**Monetary Fund**") amounted to approximately RMB2.73 billion as at 31 May 2023 (being the latest available information immediately prior to the date of the 2023 Financial Services Agreement), as compared to the Group's Monetary Fund in the amount of RMB2.01 billion as at 30 April 2020 (being the latest

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## LETTER FROM THE BOARD

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available information immediately prior to the date of second supplemental agreement to the 2020 Financial Services Agreement), representing a substantial increase of approximately RMB0.72 billion. In addition, Wuhan Optics Valley Union Group Company Limited\* (武漢光谷聯合集團有限公司) (as borrower), an indirect wholly-owned subsidiary of the Company, entered into a facility agreement with CEC Finance (as lender) on 19 September 2022 in respect of a revolving facility of up to RMB880 million (the details of which are set out in the circular of the Company dated 21 October 2022). As the funds released by CEC Finance upon drawdowns of such facilities will normally be deposited into the deposit account(s) of the Group maintained with CEC Finance, and such funds may not be immediately utilised, coupled with the cash then deposited in the account, the Group is expected to have a high demand of buffer in the maximum daily balance of the funds settlement balance (deposit amount). In view of the above, the Directors consider the Increase to be justifiable.

The above New Caps under the 2023 Financial Services Agreement are determined after considering (i) the Group's historical maximum daily balance of funds settlement balance (deposit amount) deposited with CEC Finance, as well as other financial institutions; (ii) the historical and the latest cash position of the Group (especially unrestricted funds); (iii) the expected amount of interest income from CEC Finance; (iv) the demand of the deposit services due to the funding (which was not immediately utilised or transferred) from credit facility services from CEC Finance; and (v) the Group's strategic cooperation with the CEC Group.

Based on the above, and the relevant reasons for and benefits of the 2023 Financial Services Agreement as detailed below, the Directors (including the independent non-executive Directors after taking into consideration the advice from Gram Capital) believe that the New Caps and the terms of the 2023 Financial Services Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

### 3. INTERNAL CONTROL PROCEDURES

In order to secure the Group's interests, CEC Finance has given certain undertakings under the 2023 Financial Services Agreement, pursuant to which:

- (i) CEC Finance shall ensure that it is in strict compliance with the requirements of the relevant PRC financial laws and regulations;
- (ii) CEC Finance shall forthwith notify the Company and take necessary measures upon the occurrence of circumstances that may have a material adverse effect on CEC Finance or that may jeopardise the security of the Group's deposits; and
- (iii) CEC Finance has confirmed that its substantial shareholder CEC had agreed that, in the event that CEC Finance confronts difficulties in making payment, CEC shall provide support by injecting additional capital into CEC Finance according to the practical situations.

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## LETTER FROM THE BOARD

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The Company has also adopted certain internal control procedures relevant to the deposit of funds with CEC Finance, pursuant to which:

- (i) prior to each deposit with CEC Finance, the Group would collect information on interest rates for deposits and loans, as well as service fees for other financial services published on the official websites of the People's Bank of China and other major commercial banks (at least two);
- (ii) the Group liaises with other major commercial banks of the Company in a timely manner and requires such banks to provide the Company with written quotes for deposits, loans and other financial services on a regular basis by mail or other means;
- (iii) where the quotes obtained through the two methods above are more favourable to the Group than those provided by CEC Finance, the Group will promptly report the actual situation. Such quotes obtained will be used for re-negotiating with CEC Finance to adjust the price and entering into the relevant financial services supplemental agreements (if necessary);
- (iv) the Group shall confirm the current accumulated deposits balance and interest rate with CEC Finance and make a deposit estimate prior to each deposit to ensure that the deposit amount does not exceed the relevant annual caps, and under the same conditions, the interest rate provided by CEC Finance is not lower than that published by the People's Bank of China, nor those offered by at least two other major commercial banks in the same period for the same type of deposits; and
- (v) the deposit of funds with CEC Finance contemplated under the 2023 Financial Services Agreement shall be subject to the annual review by the auditors of the Company and the independent non-executive Directors as required under Chapter 14A of the Listing Rules.

The Company's finance department is responsible for implementing the abovementioned internal control procedures and the Company's chief financial officer is responsible for evaluating such implementation.

The Board considers that the above undertakings given by CEC Finance and the internal control procedures adopted by the Group in respect of the transactions under the 2023 Financial Services Agreement are appropriate and that they will give sufficient assurance to the Shareholders that the transactions under the 2023 Financial Services Agreement will be appropriately monitored by the Company.

#### **4. REASONS FOR AND BENEFITS OF THE 2023 FINANCIAL SERVICES AGREEMENT**

In view of the historical and latest cash position of the Group, the demand of deposit services due to the funding (which was not immediately utilised or transferred) from credit facility services from CEC Finance, and in order to maintain the strategic cooperation between the Group and the CEC Group, the Company has entered into the 2023 Financial Services Agreement with CEC Finance to renew the Existing Caps. Having considered that the interest rates offered by and/or the rates charged by CEC Finance for the deposit services, loan services and miscellaneous financial services under the

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## LETTER FROM THE BOARD

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2023 Financial Services Agreement shall be equal to or more favourable than those offered and/or charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the Company, the Board considers that the transactions under the 2023 Financial Services Agreement (as a renewal of the 2020 Financial Services Agreement) have and will enable the Group to continue with its existing efficient fund utilisation arrangement.

The New Caps have been proposed at an optimal level after considering the abovementioned basis to provide the Group with the flexibility in the management of its funds. Depending on its actual cash position, business development, funding requirements, and the capital market conditions, the Group may or may not maintain deposits with CEC Finance up to the level of the proposed New Caps. Further, CEC Finance is a subsidiary of CEC and a non-banking financial institution established with the approval of the CBRC, which is principally engaged in the provision of various financial services, which services are regulated by the NFRA. Together with the undertakings given by CEC Finance and the Company's adoption of the relevant internal control procedures as set out above, the Board considers that appropriate measures have been adopted to ensure the safety of the Group's funds that will be deposited with CEC Finance.

In light of the above, the Directors (including the independent non-executive Directors after taking into consideration the advice from Gram Capital) consider that the 2023 Financial Services Agreement has been negotiated on arm's length basis and is on normal commercial terms or better and in the ordinary and usual course of business of the Group, and the terms of the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the proposed New Caps in respect of the deposit services are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Liu Guilin and Mr. Xiang Qunxiong (both being non-executive Directors) had abstained from voting on the relevant Board resolutions to approve the 2023 Financial Services Agreement by reason of their respective positions in and/or relationship with the CEC Group. Save as disclosed, no other Directors had any material interest in the 2023 Financial Services Agreement.

### 5. INFORMATION ON CEC FINANCE AND ITS ULTIMATE BENEFICIAL OWNER

CEC Finance is a company incorporated in the PRC with limited liability on 21 April 1988 and is principally engaged in the provision of various financial services such as deposit services, loan services and settlement services. CEC Finance is a non-wholly owned subsidiary of CEC and was, as at the Latest Practicable Date, insofar as the Board is aware, held:

- (1) as to approximately 57.66% by CEC;
- (2) as to approximately 23.61% by 南京中電熊貓信息產業集團有限公司 (Nanjing Panda Information Industry Group Co., Ltd.\*), which is in turn ultimately owned by CEC as to approximately 79.24%, the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government as to approximately 17.68%, and the Jiangsu Provincial People's Government as to approximately 3.08%;

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## LETTER FROM THE BOARD

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- (3) as to approximately 5.37% by 武漢中原電子集團有限公司 (Wuhan Zhongyuan Electronics Group Co., Ltd.\*), which is indirectly wholly-owned by 中國長城科技集團股份有限公司 (China Greatwall Technology Group Co., Ltd.\*), a company listed in the Shenzhen Stock Exchange (Stock Code: 000066), which is in turn controlled by CEC;
- (4) as to approximately 4.66% by 中國電子進出口有限公司 (China Electronics Import and Export Company Limited\*), which is indirectly wholly-owned by CEC;
- (5) as to approximately 3.93% by 中國振華電子集團有限公司 (China Zhenhua Electronics Group Co., Ltd.\*) (“**Zhenhua Electronics**”), which is in turn owned as to approximately 54.19% by CEC, as to approximately 31.36% by 貴州省黔晟國有資產經營有限責任公司 (Guizhou Qiansheng State-owned Assets Management Co., Ltd.\*), as to approximately 10.63% by 中國華融資產管理股份有限公司 (China Huarong Asset Management Co., Ltd.\*), a company listed in the Stock Exchange (Stock Code: 2799), as to approximately 3.57% by 中國長城資產管理股份有限公司 (China Great Wall Asset Management Co., Ltd.\*) and as to approximately 0.25% by 中國東方資產管理股份有限公司 (China Orient Asset Management Co., Ltd.\*);
- (6) as to approximately 2.12% by 中國振華(集團)科技股份有限公司 (China Zhenhua (Group) Science & Technology Co., Ltd.\*), a company listed in the Shenzhen Stock Exchange (Stock Code: 000733), which is in turn controlled by Zhenhua Electronics;
- (7) as to approximately 2.02% by 中電智能卡有限責任公司 (China Electronics Smart Card Co., Ltd.\*), which is in turn ultimately owned by CEC as to approximately 60.47%, 公安部第一研究所 (First Research Institute of the Ministry of Public Security of the People’s Republic of China\*) as to approximately 37.21%, and Chongqing State-owned Assets Supervision and Administration Commission as to approximately 2.33%; and
- (8) as to approximately 0.63% by 中國中電國際信息服務有限公司 (China Electronics International Information Service Company Limited\*), which is indirectly wholly-owned by CEC.

CEC is a substantial shareholder of the Company and is a state-owned company whose ultimate beneficial owner is the State Council of the PRC. It is committed to establishing itself as a national leader of the network safety and informatisation industry, and regards network safety as its core business and core capacity. Its main business covers network security, new display, integrated circuits, high-tech electronics, information services and other electronic information industry fields featuring national strategy, foundation and guidance.

### 6. INFORMATION ON THE GROUP

The Group is an industrial park integrated operation service provider in the PRC. Leveraging on the industrial resources of CEC and based on integrated life cycle operation services of the Group, the Group constructed an industrial medium that is “State enterprise-led and innovated by joint efforts by small, medium and big enterprises” to establish an industrial resource sharing platform that carries features such as industry clustering, intelligent service and investment networks.

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## LETTER FROM THE BOARD

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### 7. LISTING RULES IMPLICATIONS

CEC Finance is a subsidiary of CEC, while CEC indirectly holds 2,550,000,000 Shares of the Company as at the Latest Practicable Date (representing approximately 33.67% of the issued share capital of the Company). Therefore, CEC is a substantial shareholder of the Company and CEC Finance is a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

Accordingly, the 2023 Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the maximum daily balance of the funds settlement balance (deposit amount) (i.e. the New Caps) under the 2023 Financial Services Agreement is more than 5% but less than 25%, the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

If the Group is required to provide any security over its assets in respect of the loan services in the future, the Group will comply with the applicable requirements under Chapter 14A of the Listing Rules.

### 8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all independent non-executive Directors (namely, Mr. Qi Min, Mr. Qiu Hongsheng and Mr. Qi Liang) has been established to advise the Independent Shareholders on whether or not the 2023 Financial Services Agreement and the New Caps are conducted in the ordinary and usual course of business and on normal commercial terms or better, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

Gram Capital Limited has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps.

### 9. EGM

It was proposed that the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the New Caps, shall be considered and, if thought fit, approved at the EGM.

Set out on pages 29 to 30 of this circular is a notice convening the EGM to be held at the Meeting Room No. 2, 2/F, Exhibition Hall, Shanghai CEC Information Port, Lane 333, Wensong Road, Songjiang District, Shanghai, PRC on Thursday, 24 August 2023 at 9:30 a.m., at which an ordinary resolution will be proposed to consider and, if thought fit, approve the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the New Caps.

To the best of the Directors' knowledge, information and belief, other than China Electronics International Information Service Co., Ltd.\* (中國中電國際信息服務有限公司) (an indirectly wholly-owned subsidiary of CEC), who held 2,550,000,000 Shares as at the Latest Practicable

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## LETTER FROM THE BOARD

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Date, representing 33.67% of the total issued shares of the Company, no Shareholders will be required to abstain from voting at the EGM in respect of the resolution concerning the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the New Caps.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.ceovu.com>). Whether or not you intend to be present at such meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such event, the form of proxy will be deemed to be revoked.

### 10. RECOMMENDATIONS

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 15 to 16 of this circular which contains the recommendations of the Independent Board Committee to the Independent Shareholders in relation to the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps, and (ii) the letter of advice from Gram Capital set out on pages 17 to 24 of this circular which contains the advice of Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps.

Having considered the reasons set out herein, the Directors, including the independent non-executive Directors (having considered the advice of Gram Capital), are of the opinion that the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the New Caps are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution regarding the same.

### 11. FURTHER INFORMATION

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

By Order of the Board  
**China Electronics Optics Valley Union Holding Company Limited**  
**Liu Guilin**  
*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 2023 Financial Services Agreement and the New Caps, which has been prepared for the purpose of inclusion in this circular.*



### **China Electronics Optics Valley Union Holding Company Limited** **中電光谷聯合控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 798)**

*To the Independent Shareholders*

2 August 2023

Dear Sir or Madam,

#### **RENEWAL OF DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS – 2023 FINANCIAL SERVICES AGREEMENT**

We refer to the circular (the “**Circular**”) issued by the Company to the Shareholders dated 2 August 2023 of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed as members of the Independent Board Committee to consider the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps, and to advise the Independent Shareholders as to the fairness and reasonableness of the same and whether the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps are in the interests of the Company and the Shareholders as a whole, and to recommend whether or not you should approve the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the New Caps. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the “Letter from the Board”, the advice of Gram Capital to the Independent Board Committee and the Independent Shareholders in respect of the matters relating to the deposit services contemplated under the 2023 Financial Services Agreement and the New Caps as set out in the “Letter from Gram Capital” as well as other additional information set out in other parts of the Circular.

Having taken into consideration the terms of the 2023 Financial Services Agreement and the advice of the Gram Capital, we concur with the view of Gram Capital and consider that the terms of the 2023 Financial Services Agreement are fair and reasonable, and the transaction contemplated thereunder are conducted in the ordinary and usual course of the Company’s business and are on normal or better commercial terms, and

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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in the interest of the Company and its Shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2023 Financial Services Agreement, the transactions contemplated thereunder, and the New Caps.

Yours faithfully,  
The Independent Board Committee

**Qi Min**  
*Independent*  
*non-executive Director*

**Qiu Hongsheng**  
*Independent*  
*non-executive Director*

**Qi Liang**  
*Independent*  
*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 Transactions 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

2 August 2023

*To: The independent board committee and the independent shareholders  
of China Electronics Optics Valley Union Holding Company Limited*

Dear Sirs,

### **RENEWAL OF DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of in respect of the deposit services contemplated under the 2023 Financial Services Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 2 August 2023 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.

Since the deposit services under the 2020 Financial Services Agreement has expired on 25 June 2023, and the Company intends to continue carrying out the relevant transactions under the 2020 Financial Services Agreement, the Company has entered into the 2023 Financial Services Agreement with CEC Finance on 5 July 2023 to, inter alia, renew and set the annual caps for the deposit services for the three years ending 29 June 2026 (i.e. the New Caps). The 2023 Financial Services Agreement and the New Caps are conditional upon the approval of the Independent Shareholders at the EGM.

With reference to the Board Letter, the Transactions constitute discloseable and continuing connected transactions of the Company and are subject to the reporting, announcement, annual review and Independent Shareholders’ approval requirements of Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Qi Min, Mr. Qiu Hongsheng and Mr. Qi Liang (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders

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## LETTER FROM GRAM CAPITAL

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should vote in respect of the resolution(s) to approve the Transactions 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**

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in respect of the Company's continuing connected transactions as set in the Company's circular dated 21 October 2022. Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationship or interest between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only independent financial adviser engagement and would not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent 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 date of EGM. 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 are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the 2023 Financial Services Agreement. 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.

The Circular, for which the directors of the issuer 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 issuer. The Directors having made all reasonable enquiries, 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 the omission of which would make

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## LETTER FROM GRAM CAPITAL

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any statement as contained in the Circular 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, CEC Finance or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. 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. If there are any material changes before the EGM, Shareholders will be notified as soon as possible. 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.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### Information on the Group

With reference to the Board Letter, the Group is an industrial park integrated operation service provider in the PRC. Leveraging on the industrial resources of CEC and based on integrated life cycle operation services of the Group, the Group constructed an industrial medium that is “State enterprise-led and innovated by joint efforts by small, medium and big enterprises” to establish an industrial resource sharing platform that carries features such as industry clustering, intelligent service and investment networks.

#### Information on CEC Finance

CEC Finance is a company incorporated in the PRC with limited liability on 21 April 1988 and is principally engaged in the provision of various financial services such as deposit services, loan services and settlement services. CEC Finance is a non-wholly owned subsidiary of CEC, while CEC is a substantial shareholder of the Company. Please refer to the section headed “5. INFORMATION ON CEC FINANCE AND ITS ULTIMATE BENEFICIAL OWNER” of the Board Letter for details of CEC Finance’s shareholding.

We understood that CEC Finance is subject to Measures for the Administration of Finance Companies of Enterprise Groups\* 《企業集團財務公司管理辦法》(the “**Administrative Measures**”), the latest version of which was promulgated by China Banking and Insurance Regulatory Commission\* (中國銀行保險監督管理委員會) with effect from 13 November 2022 and regulates the operation of non-bank financial institutions which provide financial management services to the enterprise group member entities.

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## LETTER FROM GRAM CAPITAL

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We noted that the Administrative Measures set out certain compliance and risk control requirements/ measures in relation to the operation of group financing companies, including but not limited to maintaining certain financial ratios at all times. In addition, we noted from CEC Finance's articles of association that in the event that CEC Finance confronts difficulties in making payment, CEC shall provide support by injecting additional capital into CEC Finance according to the practical situations.

As also confirmed by the Directors, they are not aware of any record of non-compliance with the relevant laws and regulations of the PRC in respect of the operations of CEC Finance for the two years ended 31 December 2022.

### **Reasons for and benefits of the Transactions**

With reference to the Board Letter, in view of the historical and latest cash position of the Group, the demand of deposit services due to the funding (which was not immediately utilised or transferred) from credit facility services from CEC Finance, and in order to maintain the strategic cooperation between the Group and the CEC Group, the Company has entered into the 2023 Financial Services Agreement with CEC Finance to renew the Existing Caps. Having considered that the interest rates offered by and/or the rates charged by CEC Finance for the deposit services, loan services and miscellaneous financial services under the 2023 Financial Services Agreement shall be equal to or more favourable than those offered and/or charged by major commercial banks and other financial institutions in the PRC for the same type of financial services provided to the Company, the Board considers that the transactions under the 2023 Financial Services Agreement (as a renewal of the 2020 Financial Services Agreement) have and will enable the Group to continue with its existing efficient fund utilisation arrangement.

For our due diligence purpose, we obtained and reviewed the 2023 Financial Services Agreement. Pursuant to the 2023 Financial Services Agreement, the interest rate for the deposit of the Group's funds with CEC Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same duration. In addition, the Group shall have the right to engage the financial services to be provided by CEC Finance, on a non-exclusive basis and may also engage the relevant financial services offered by other financial institutions during the term of the 2023 Financial Service Agreement.

In light of that (i) reasons for and benefit of entering into the 2023 Financial Services Agreement; (ii) the background information of CEC Finance as mentioned above; (iii) the pricing policy of the deposit services under the 2023 Financial Services Agreement; and (iv) the deposit services under the 2023 Financial Services Agreement are on a non-exclusive basis, we are of the view that the Transactions are conducted in the ordinary and usual business of the Group and are in the interests of the Company and the Shareholders as a whole.

### **Principal terms of the Transactions**

The following is a summary of the major terms of the Transactions, details of which are set out under the section headed "2. THE 2023 FINANCIAL SERVICES AGREEMENT" of the Board Letter:

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## LETTER FROM GRAM CAPITAL

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### *Date*

5 July 2023

### *Parties*

- (a) The Company
- (b) CEC Finance

### *Subject Matter*

Pursuant to the 2023 Financial Services Agreement, the major terms of the 2023 Financial Services Agreement are substantially the same as those of the 2020 Financial Services Agreement.

The Group shall have the right to engage the financial services to be provided by CEC Finance, on a non-exclusive basis and may also engage the relevant financial services offered by other financial institutions during the term of the 2023 Financial Service Agreement.

Pursuant to the 2023 Financial Services Agreement, conditional upon obtaining the Independent Shareholders' approval pursuant to the Listing Rules, CEC Finance shall provide certain deposit services to the Group, the principal terms of which are as follows: (a) the interest rate for the deposit of the Group's funds with CEC Finance shall, subject to the compliance of the relevant requirements of the People's Bank of China, be no less than interest rate for the same type of deposit offered by the major commercial banks in the PRC for the same duration; and (b) maximum daily balance of the funds settlement balance (deposit amount) placed by the Group with CEC Finance for each of the three years ending 29 June 2026 (i.e. the New Caps) shall not exceed RMB600 million.

As also advised by the Directors, to secure the interests of Shareholders, the Company adopted certain internal control procedures and corporate governance measures (the "**IC Measures**") for utilizing the financial services provided by CEC Finance. Details of the IC Measures are set out under the section headed "3. INTERNAL CONTROL PROCEDURES" of the Board Letter. As there are procedures for collection of information on deposits interest rates from at least two major commercial banks prior to each deposit with CEC Finance, we consider that the effective implementation of the IC Measures would help to ensure fair pricing of the Transactions according to the pricing policy.

Upon our request, we obtained deposit records showing the Company placed deposits in independent commercial banks and CEC Finance for same type of deposits and during same period from June 2020 to June 2023. We noted from the deposit records that the deposit rates as shown in the deposit records are in line with the pricing policy for deposit services under the 2020 Financial Services Agreement.

Having also considered our findings on deposit rates, we do not doubt the effectiveness of the implementation of the internal procedures for the deposit services under the 2023 Financial Services Agreement.

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## LETTER FROM GRAM CAPITAL

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### Basis of the annual caps

The table below sets out the Existing Caps, and the historical maximum daily balance of funds settlement balance (deposit amount) for each of the three years ended 25 June 2023, respectively.

	From 26 June 2020 to 25 June 2021 <i>(approximately RMB'million)</i>	From 26 June 2021 to 25 June 2022 <i>(approximately RMB'million)</i>	From 26 June 2022 to 25 June 2023 <i>(approximately RMB'million)</i>
Historical maximum daily balance of funds settlement balance (deposit amount)	307.18	302.66	335.22
Existing Caps	650	650	650
Utilisation rate	47.26%	46.56%	51.57%

Pursuant to the 2023 Financial Services Agreement, the New Caps will not exceed RMB600 million during each of the three-year term of the 2023 Financial Services Agreement. We noted that the New Caps have been determined after taking into account of various factors, details of which are set out under the section headed “Renewal of the annual caps under the 2023 Financial Services Agreement” of the Board Letter.

To assess the fairness and reasonableness of the New Caps, we conducted the following analyses:

- We noted from the Company’s annual report for FY2022 (the “**2022 Annual Report**”) that as at 31 December 2022, the Group’s total cash and cash equivalents amounted to RMB2,254 million (or approximately RMB2,639 million including the restricted cash). In addition, upon our further enquiry, the Directors advised us that the Group’s cash and cash equivalents and the restricted cash (collectively, the “**Monetary Fund**”) amounted to approximately RMB2,728 million as at 31 May 2023, being the latest available information immediately prior to the date of the 2023 Financial Services Agreement.

The amount of Monetary Fund (which is larger than the New Caps) indicates the Group’s possible demand of deposit services to be provided by commercial banks and CEC Finance.

- As depicted from the table above, we noted that the relevant utilization rates of the Existing Caps were approximately 47.26%, 46.56% and 51.57% for each of the three years ended 25 June 2021, 2022 and 2023 respectively.

The New Caps of RMB600 million represent an increase of approximately RMB264.78 million (the “**Increase**”) as compared to the historical maximum daily balance of funds settlement balance (deposit amount) during the term of the 2020 Financial Services Agreement.



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## LETTER FROM GRAM CAPITAL

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To further assess the fairness and reasonableness of the Increase, we listed out the Group's Monetary Fund as at 30 April 2020 (being the latest available information immediately prior to the date of second supplemental agreement to the 2020 Financial Services Agreement) and 31 May 2023 (being the latest available financial information immediately prior to the date of the 2023 Financial Services Agreement) respectively, as follows:

	<b>As at 31 May 2023</b> <i>(in RMB' billion)</i>	<b>As at 30 April 2020</b> <i>(in RMB' billion)</i>	<b>Amount change</b> <i>(in RMB' billion)</i>
<b>The Monetary Fund</b>	2.73	2.01	0.72

Based on the above table, we noted that there was a substantial increase in the Monetary Fund as at 31 May 2023 as compared to that as at 30 April 2020. Accordingly, we consider the Increase to be justifiable.

- As advised by the Directors, it is difficult to forecast the total cash level for whole period of the three-year term of the 2023 Financial Services Agreement. Nevertheless, should there be any substantial increase in total cash of the Group, the Group may opt to deposit larger portion of cash in commercial banks or re-comply with the applicable provisions of the Listing Rules governing continuing connected transaction to revise the New Caps.

Based on the above factors, we consider that the New Caps, which are the same during the term of the 2023 Financial Services Agreement, are fair and reasonable.

Having considered the above, including the pricing policy of the Transactions and the New Caps, we are of the view that the terms of the Transactions 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 values of the Transactions must be restricted by the New Caps for the period concerned under the 2023 Financial Services Agreement; (ii) the terms of the Transactions must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transactions must be included in the Company's subsequent published annual reports.

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 Transactions (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 New Caps.

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## LETTER FROM GRAM CAPITAL

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In the event that the maximum amounts of the Transactions are anticipated to exceed the New Caps, or that there is any proposed material amendment to the terms of the Transactions, 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 Transactions 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 Transactions are entered into in 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 Transactions 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 Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) 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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors or the chief executive of the Company were taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules were as follows:

Name	Nature of Interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of shareholding of the issued share capital of the Company <sup>(2)</sup>
Mr. Huang Liping	Interest in controlled corporation	1,904,188,000 <sup>(3)</sup>	25.14%
Mr. Hu Bin	Beneficial owner	70,320,000	0.93%

*Notes:*

- (1) All the above Shares were held in long position (as defined under Part XV of the SFO).
- (2) The percentages disclosed were calculated based on the total number of issued Shares of the Company as at the Latest Practicable Date, i.e. 7,574,352,000 Shares.
- (3) Mr. Huang Liping held 100% equity interests in each of AAA Finance and Investment Holdings Limited ("AAA Finance") and Lidao Investment Limited. Under the SFO, Mr. Huang Liping was deemed to be interested in 1,784,188,000 Shares held by AAA Finance and 120,000,000 Shares held by Lidao Investment Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which, (a) were required to be notified to the Company and the Stock Exchange pursuant to provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which

the Directors have taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, the following person (other than Directors and chief executive of the Company) had interests or short positions in Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any options in respect of such capital:

Name	Nature of Interest	Number of Shares held <sup>(1)</sup>	Approximate percentage of shareholding of the issued share capital of the Company <sup>(2)</sup>
China Electronics International Information Service Co., Ltd.* (中國中電國際信息服務有限公司) (“CEIS”)	Beneficial owner	2,550,000,000 <sup>(3)</sup>	33.67%
CEC	Interest in controlled corporation	2,550,000,000 <sup>(3)</sup>	33.67%
AAA Finance	Beneficial owner	1,784,188,000 <sup>(4)</sup>	23.56%
Hubei Science & Technology Investment Group (Hong Kong) Company Limited	Beneficial owner	479,910,000	6.34%
Hubei Science & Technology Investment Group Co., Ltd.	Interest in controlled corporation	479,910,000 <sup>(5)</sup>	6.34%

*Notes:*

- (1) All the above Shares were held in long position (as defined under Part XV of the SFO).
- (2) The percentages disclosed were calculated based on the total number of issued Shares of the Company as at the Latest Practicable Date, i.e. 7,574,352,000 Shares.
- (3) These Shares were held by CEIS. As CEIS is a wholly-owned subsidiary of China Electronics Co. Ltd.\* (中國電子有限公司) which in turn is wholly owned by CEC, CEC was deemed to be interested in all the Shares held by CEIS under the SFO.
- (4) AAA Finance was wholly owned by Mr. Huang Liping, an executive Director. Mr. Huang Liping's interests therein are set out in the section headed “2. Directors' and Chief Executive's Interests in Securities” in this appendix.



**5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest audited consolidated financial statements of the Group were made up.

**6. EXPERT**

- (a) The following is the qualification of the expert which has given opinion or advice which is 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

- (b) As at the Latest Practicable Date, Gram Capital did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the forms and contexts in which they appear. The letter of Gram Capital contained herein was issued on 2 August 2023 and was made by Gram Capital for incorporation in this circular.

**7. DOCUMENTS ON DISPLAY**

A copy of the 2023 Financial Services Agreement will be published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.ceovu.com>) for a period of 14 days from the date of this circular.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**China Electronics Optics Valley Union Holding Company Limited**  
**中電光谷聯合控股有限公司**  
(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 798)

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of China Electronics Optics Valley Union Holding Company Limited (the “**Company**”) will be held at the Meeting Room No. 2, 2/F, Exhibition Hall, Shanghai CEC Information Port, Lane 333, Wensong Road, Songjiang District, Shanghai, PRC on Thursday, 24 August 2023 at 9:30 a.m. for the purpose of considering, and, if thought fit, passing with or without modifications, the following resolution as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT** the 2023 Financial Services Agreement (as defined in the circular of the Company of which this notice forms part (the “**Circular**”) and the particulars of which are set out in the section headed “2. The 2023 Financial Services Agreement” in the “Letter from the Board” contained in the Circular), the transactions contemplated thereunder, and the New Caps be and are hereby approved and confirmed.”

By Order of the Board

**China Electronics Optics Valley Union Holding Company Limited**

**Liu Guilin**

*Chairman*

Wuhan, Hubei, the People’s Republic of China

2 August 2023

*Notes:*

1. The above resolution at the EGM will be taken by poll 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 EGM is entitled to appoint a proxy (or more than one proxy) to attend and vote at the EGM on behalf of him when the resolutions are taken by poll. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed in the relevant form of proxy.

For a vote by poll, each shareholder attending by himself/herself or by proxy shall have one vote per share.

3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or is a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road

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East, Wanchai, Hong Kong not less than 48 hours before the time appointed for the EGM (i.e. no later than Tuesday, 22 August 2023 at 9:30 a.m. (Hong Kong time)). Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

4. For determining the eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 21 August 2023 to Thursday, 24 August 2023, both dates inclusive, during which period no share transfers will be registered. In order to be eligible to attend and vote at the EGM, unregistered shareholders 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, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 18 August 2023.
5. References to time and dates in this notice are to Hong Kong time and dates.
6. The EGM is expected to last for not more than half a day. Shareholders or their proxies who attend the EGM shall bear their own travelling and accommodation expenses.