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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

The board of directors (the "**Director(s)**") (the "**Board**") of Everbright Grand China Assets Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Revenue	*4*	**51,734**	71,274
Cost of services and sales		**(12,415)**	(29,830)
Gross profit		**39,319**	41,444
Valuation gains on investment properties		**17,229**	26,392
Other income, net	*5*	**12,363**	7,951
Distribution costs		**(1,263)**	(404)
Administrative expenses		**(20,860)**	(19,931)
Other operating income/(expenses)		**(13)**	22
Profit from operations		**46,775**	55,474
Finance costs	*6*	**(1,076)**	(1,425)
Profit before tax	*7*	**45,699**	54,049
Income tax	*8*	**(11,717)**	(16,768)
Profit for the year		**33,982**	37,281
Attributable to:			
Equity shareholders of the Company		**33,982**	37,281
Earnings per share			
Basic and diluted	*10*	**RMB0.08**	RMB0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**33,982**	37,281
Other comprehensive income/(expense):		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of companies outside the People's Republic of China (the "**PRC**")	**(16,888)**	3,610
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Gain on property revaluation, net of tax	**6,554**	–
Other comprehensive income/(expense) for the year, net of tax	**(10,334)**	3,610
Total comprehensive income for the year	**23,648**	40,891
Attributable to:		
Equity shareholders of the Company	**23,648**	40,891

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**2020**	2019
		RMB'000	*RMB'000*
Non-current assets			
Investment properties		**933,300**	922,400
Property, plant and equipment		**1,647**	3,857
Right-of-use assets		**1,539**	3,042
Deferred tax assets		**1,448**	1,445
Total non-current assets		**937,934**	930,744
Current assets			
Properties held for sale		**–**	3,719
Trade and other receivables and prepayments	*11*	**8,061**	9,680
Cash and cash equivalents		**217,766**	201,258
Total current assets		**225,827**	214,657
Current liabilities			
Trade and other payables	*12*	**23,240**	18,603
Contract liabilities		**1,066**	934
Bank loan		**7,000**	6,500
Lease liabilities		**1,363**	1,394
Tax payable		**5,397**	2,952
Total current liabilities		**38,066**	30,383
Net current assets		**187,761**	184,274
Total assets less current liabilities		**1,125,695**	1,115,018
Non-current liabilities			
Bank loan		**7,000**	14,000
Lease liabilities		**232**	1,699
Deferred tax liabilities		**183,820**	179,373
Total non-current liabilities		**191,052**	195,072
NET ASSETS		**934,643**	919,946
Equity			
Share capital		**345,042**	345,042
Reserves		**589,601**	574,904
TOTAL EQUITY		**934,643**	919,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in thousands of RMB, unless otherwise indicated)

1. CORPORATE AND GROUP INFORMATION

Everbright Grand China Assets Limited (the "**Company**") is a limited liability company incorporated in the British Virgin Islands (the "**BVI**") and transferred by way of continuation into the Cayman Islands. The registered address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and the principal place of business in Hong Kong is located at Room 1302, 13th Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

During the year, the principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") were property leasing, the provision of property management services and the sale of properties held for sale.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company are Lucky Link Investments Limited and China Investment Corporation, which are incorporated in the BVI and the PRC, respectively.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

The directors of the Company have been identified as the Group's most senior executive management. Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performance.

The Group's most senior executive management makes resource allocation decisions based on internal management functions and assesses the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

The Group primarily operates in the PRC and accordingly, no geographical information is presented.

Information about major customers

For the year ended 31 December 2020, revenue of approximately RMB7,044,000, RMB6,187,000, RMB5,676,000 and RMB5,534,000, which represented 13.6%, 12.0%, 11.0% and 10.7% of the Group's total revenue, respectively, were derived from four separate single customers.

For the year ended 31 December 2019, revenue of approximately RMB10,119,000, which represented 14.2% of the Group's total revenue, was derived from a single customer.

4. REVENUE

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Provision of property management services	**14,997**	15,474
Sale of properties held for sale	**–**	16,165
	14,997	31,639
Revenue from other sources		
Gross rentals from investment properties	**36,737**	39,635
	51,734	71,274

5. OTHER INCOME, NET

	2020	2019
	RMB'000	*RMB'000*
Interest income from bank deposits	**2,811**	2,585
Net foreign exchange gain	**6,786**	186
Compensation of expenses*	**–**	4,810
Government grants**	**446**	–
Gain on disposal of investment properties***	**2,270**	–
Others	**50**	370
	12,363	7,951

* The compensation of expenses is related to a dispute in the selling of properties in previous years. The Group and the counterparty entered into a settlement agreement on 8 October 2019 under the court's supervision, according to which the counterparty would pay a total sum of RMB4,810,000 as a compensation of the relevant expenses incurred by the Group. The amounts have been received by the court on 28 November 2019 and subsequently received by the Group on 3 January 2020.

** During the year ended 31 December 2020, government grants of HK$432,000 (approximately RMB384,000) (2019: Nil) and RMB62,000 (2019: Nil), which represented subsidies for stabilising employment, were received from the Government of Hong Kong Special Administrative Region under the "Anti-epidemic Fund" and government authorities in the PRC, respectively. There are no unfulfilled conditions and contingencies related to these grants.

*** In September and October 2020, the Group entered into separate sale and purchase agreements with three independent third parties and disposed of three residential properties located at Dufu Garden, 10 Zu, 11 Zu, Long Zhua Cun, Wu Hou District, Chengdu, Sichuan Province in the PRC with a carrying value of RMB23,700,000 in aggregate and were classified as investment properties at the time of disposal. The aggregate consideration before tax was approximately RMB27,268,000.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on a bank loan	**978**	1,303
Interest on lease liabilities	**98**	122
	1,076	1,425

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020	2019
	RMB'000	*RMB'000*
Cost of services rendered*	**12,415**	14,341
Cost of properties held for sale sold	**–**	15,489
Depreciation of property, plant and equipment	**253**	373
Depreciation of right-of-use assets	**1,404**	1,150
Impairment/(write-back of impairment) of trade and other receivables**	**12**	(47)
Write-off of items of property, plant and equipment	**204**	–
Loss/(gain) on disposal of investment properties	**(2,270)**	941
Employee benefit expense (excluding directors' remuneration):		
Salaries and other benefits	**10,378**	12,190
Pension scheme contributions	**180**	1,215
	10,558	13,405

* The employee benefit expense included in cost of services rendered was RMB4,506,000 (2019: RMB6,305,000).

** The impairment/(write-back of impairment) of trade and other receivables for the years are included in "Other operating income/(expenses)" in the consolidated statement of profit or loss.

8. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2020	2019
	RMB'000	*RMB'000*
Current tax – the PRC		
Corporate Income Tax ("CIT")	**7,252**	6,078
Land Appreciation Tax ("LAT")	**1,818**	1,478
Deferred tax	**2,259**	6,620
Withholding tax	**388**	2,592
	11,717	16,768

All subsidiaries of the Company established and operating in the PRC are subject to the PRC CIT at an applicable rate of 25%.

Pursuant to "Notice on Implementation of Inclusive Tax Relief Policy for Small Low-profit Enterprises Cai Shui (2019) No. 13", Chengdu Everbright Property Management Co., Ltd. falls within the eligible industry category and is eligible to enjoy the preferential income tax rate of 5% (a reduced rate of 25% of the taxable income amount, and be subject to corporate income tax at a 20% tax rate when income does not exceed RMB1,000,000) and 10% (a reduced rate of 50% of the taxable income amount, and be subject to corporate income tax at a 20% tax rate when income exceeds RMB1,000,000 but does not exceed RMB3,000,000) for the years ended 31 December 2020 and 2019.

Tax for other entities of the Group is charged at their respective applicable income tax rate ruling in the relevant jurisdictions.

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use rights, borrowing costs and relevant property development expenditures.

For the year ended 31 December 2020, the Group's investment properties (2019: properties held for sale) are charged on the contract revenue of properties sold at 7% (2019: 7%) according to local tax regulations published by Chengdu local tax bureau.

9. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Final dividend paid in respect of the year ended 31 December 2019 – RMB2.03 cents per ordinary share (2019: Nil)	**8,960**	–
Proposed final dividend – RMB1.92 cents (2019: RMB2.03 cents) per ordinary share	**8,475**	8,960
Proposed special dividend – RMB1.50 cents per ordinary share (2019: Nil)	**6,621**	–
	15,096	8,960

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The special dividend was declared on 28 January 2021. The special dividend declared and final dividend proposed after the end of the reporting period has not been recognised as liabilities at the end of the reporting period.

10. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the year attributable to equity shareholders of the Company of RMB33,982,000 (2019: RMB37,281,000), and the weighted average number of ordinary shares of 441,400,000 (2019: 441,400,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**6,591**	4,134
Impairment	**(202)**	(190)
	6,389	3,944
Other receivables and prepayments	**1,672**	5,736
	8,061	9,680

Trade receivables are due for payment pursuant to the terms of the agreements. Normally, the Group does not obtain collateral from customers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the payment schedule and net of loss allowance, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**6,042**	2,844
1 to 2 months	**159**	546
2 to 3 months	**188**	554
	6,389	3,944

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020	2019
	RMB'000	*RMB'000*
At beginning of year	**190**	237
Impairment losses/(write-back of impairment losses), net *(note 7)*	**12**	(47)
At end of year	**202**	190

12. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payable	**1,321**	521
Interest payable	**31**	38
Other taxes and charges payable	**555**	1,059
Deposits received	**5,594**	5,862
Accrued payroll and other benefits	**3,157**	3,914
Listing expenses payable	**551**	586
Rental receipt-in-advance	**9,773**	3,414
Other payables	**2,258**	3,209
	23,240	18,603

Included in the balance are trade payables with the following ageing analysis based on the invoice date as at the end of the reporting period:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**972**	222
Over 3 months	**349**	299
	1,321	521

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Result

For the financial year ended 31 December 2020, the Group's revenue and profit attributable to equity shareholders of the Company amounted to approximately RMB51.7 million (2019: approximately RMB71.3 million) and approximately RMB34.0 million (2019: approximately RMB37.3 million), respectively.

Business Review

The Group is principally engaged in the businesses of property leasing, the provision of property management services and the sale of properties held for sale.

The Group's revenue for the year ended 31 December 2020 amounted to approximately RMB51.7 million (2019: approximately RMB71.3 million), which represented a decrease of approximately RMB19.6 million as compared to last year, mainly due to the absence of revenue generated from sales of the residential properties. Profit attributable to equity shareholders of the Company for the year ended 31 December 2020 was approximately RMB34.0 million (2019: approximately RMB37.3 million), which represented a decline of approximately 8.8% as compared to last year. The decrease in profit was mainly caused by the net effect of (i) the decrease in valuation gains on investment properties; (ii) the increase in administrative expenses due to recognition of costs in relation to preparatory works for the acquisition of properties in the United Kingdom ("**U.K.**") and (iii) the increase in other income, net. The basic earnings per share for the year ended 31 December 2020 was approximately RMB0.08 (2019: RMB0.08). The review of the individual business segment of the Group is set out below.

Property Leasing

The rental income from the Group's property leasing business was approximately RMB36.7 million for the year ended 31 December 2020 (2019: RMB39.6 million). The Group's leasing properties are located in Chengdu, Sichuan province and Kunming, Yunnan province in the PRC. At 31 December 2020, our property portfolio comprises three commercial buildings, namely Everbright Financial Center, part of Everbright International Mansion and Ming Chang Building, with a total gross floor area ("**GFA**") of approximately 89,507 (2019: 88,529) square meter ("**sq.m.**"). Due to the outbreak of Coronavirus Disease 2019 ("**COVID-19**") in 2020, the reduction in rental unit rates resulted in the decrease of total rental income. The Group's residential properties, namely Dufu Garden, with GFA of approximately 1,319 sq.m., were disposed during the year.

Property Leasing Portfolio

	As at 31 December 2020		Average occupancy rate		Average occupancy rate (Commercial use) [1]		Rental income for the year ended 31 December	
	GFA owned	Commercial use GFA[1]	**2020**	2019	**2020**	2019	**2020**	2019
							RMB	RMB
	(sq.m.)	*(sq.m.)*	**%**	%	**%**	%	***(million)***	*(million)*
Commercial Properties								
Everbright Financial Center[2] No. 9 Wenwu Road, Qingyang District, Chengdu	34,335	31,153	**60%**	68%	**67%**	75%	**17.6**	20.3
Everbright International Mansion[2] No. 2 Caoshi Street, Qingyang District, Chengdu	38,199	28,905	**75%**	72%	**99%**	95%	**9.5**	9.6
Ming Chang Building[2] No. 28 Renmin Road Central, Wuhua District, Kunming	16,973	16,006	**88%**	85%	**93%**	99%	**9.3**	9.1
	89,507	76,064					**36.4**	39.0
Residential Properties								
Dufu Garden[2][3] 10 Zu, 11 Zu, Long Zhua Cun, Wu Hou District, Chengdu	–	–	**100%**	100%	**100%**	100%	**0.3**	0.6
	89,507	76,064					**36.7**	39.6

Notes:

(1) Excluding warehouses and parking spaces which cannot be used as offices, commercial spaces or residence.

(2) All the properties are located in the PRC and held under medium-term lease.

(3) The residential properties are disposed of as investment properties during the year ended 31 December 2020.

Property Management Service

In order to maximize the value of the Group's properties, the Group has a professional property management team to provide property management services for its properties, namely, Everbright Financial Center and Everbright International Mansion. Revenue from the Group's property management services was approximately RMB15.0 million for the year ended 31 December 2020 (2019: RMB15.5 million). During the year, the decrease in revenue from property management services was due to the rise in vacancy rate resulting from the expiration of tenancy agreements of individual tenants. At 31 December 2020, total GFA under our management was approximately 70,498 sq.m., an increase of 1.9% as compared with last year (2019: 69,216 sq.m.).

Sales of Properties

There was no sale of property during the year ended 31 December 2020 (2019: RMB16.2 million).

Investment Properties

Our investment properties mainly consist of land and/or buildings which are owned or held under leasehold interest to earn rental income and/or for capital appreciation. As at 31 December 2020, the fair value of the investment properties was RMB933.3 million (2019: RMB922.4 million). The valuation gain on investment properties for the year ended 31 December 2020 amounted to approximately RMB17.2 million (2019: approximately RMB26.4 million), representing a decrease of approximately RMB9.2 million as compared with last year. The decline indicated a slow down of property market in the PRC.

Prospects

Looking ahead to 2021, the world economic outlook still depends highly on the situation and changes of the COVID-19 pandemic. The pandemic has caused permanent damage to the global economy, leading to further aggravation of long-term problems, and the withdrawal of expansionary policies will also bring uncertainty to the economic recovery. At present, developed economies have begun to vaccinate in a large scale, but in view of the difficulty of obtaining vaccines in emerging economies other than China, it is expected that the recovery process of emerging economies other than China will be slower than that of developed economies. Although the alleviation of pandemic is conducive to economic recovery, the global economy continues to face severe challenges in many areas such as public health, debt management, budget policies, central bank operation and structural reform.

With the recovery of economic activities in China, the demand for real estate purchases and property management services has gradually picked up. The unexpected epidemic has not slowed down the development of the property management industry. In early 2021, ten departments including the Ministry of Housing and Urban-Rural Development issued the Notice on Strengthening and Improving Residential Property Management, which encourages property management companies to use technologies such as the Internet of Things and cloud computing to build smart property management service platform, and encourages property management companies to extend to areas such as elderly care, childcare and courier pick-up and delivery. Some research indicates that improving the profitability of individual project is the heart of the policy. Thanks to favorable policies, 2021 will remain as a meaningful year for the development of property management industry, and the market size of property management industry is projected to expand to RMB2,408 billion in 3 to 5 years. At the same time, hopefully the benefits brought by technology services and value-added services will be prominent, and the revenue of property management companies is expected to grow significantly.

The epidemic has not only made the public aware of the importance of property management service, but also led the capital market to rediscover the value of property management service. The property management industry is entering a new stage of development with a new look. In 2020, the Group worked hard on the front line of anti-epidemic, flexibly adjusted its commercial leasing strategy, minimized the risk of immediate rent termination, and safeguarded the long-term interests of tenants to tide over difficult times, as well as reduced rents and exempted and / or waived rent for some customers with difficulties. The Group maintained a positive brand image and welcomed new customers to settle in, which expanded the source of continuous income. Meanwhile, the property capital market was unprecedentedly hot during the year, listed property service companies were given higher valuations, and capital values continued to be reshaped.

Looking forward, as China's economy continues to recover and the stimulus measures introduced during the year continues to be effective, the momentum of economic growth is expected to carry on. The Group will keep up with its large-scale expansion efforts, focus on effective scale growth, actively explore new revenue growth points for diversified operations, deepen the use of high-tech means to optimize management and services, and compete on the golden track of property management. Meanwhile, the Group has entered into the new framework agreement with China Everbright Group Limited and the long-term cooperation between both parties will promote the continuous growth of the leasing business. Benefiting from the recognition of the "Everbright" brand, the Group will strengthen its bargaining power and win the trust of the counterparty, which will help improve the inherent ability to expand business and achieve sustainable growth. The Group has sufficient resources in terms of capital and capability to capture opportunities of the Company and overcome challenges, and is committed to protecting the long-term interests of the shareholders of the Company (the "**Shareholders**") as a whole.

Liquidity and Financial Resources

The total equity of the Group as at 31 December 2020 was approximately RMB934.6 million (2019: approximately RMB919.9 million). As at 31 December 2020, the Group maintained cash and cash equivalents of approximately RMB217.8 million (2019: approximately RMB201.3 million). The Group's net current assets was approximately RMB187.8 million as at 31 December 2020 (2019: approximately RMB184.3 million). The Group had current assets of approximately RMB225.8 million as at 31 December 2020 (2019: approximately RMB214.7 million). The increase in current assets was mainly due to the sale proceeds received from the disposal of properties during the year. The Group had current liabilities of RMB38.1 million (2019: approximately RMB30.4 million). The increase in current liabilities was mainly due to the increase in trade and other payables.

The working capital and long-term funding required by the Group are primarily derived from income generated from core business operations and bank loan. The Group had an outstanding bank loan of approximately RMB14.0 million (2019: approximately RMB20.5 million) as at 31 December 2020. The bank loan was secured by the Group's investment properties. As at 31 December 2020, the Group's gearing ratio, being measured by the Group's total liabilities over its total assets, was 20% (2019: 20%). The Group's liquidity position was well-managed in this year.

To manage the liquidity risk, an adequate level of cash and cash equivalents that the Group's management considers sufficient to finance the Group's operations and mitigate the effects of fluctuations in cash flow has been maintained. The net current assets position and utilization of borrowings are also monitored frequently by the Group's management to ensure efficient use of the available banking facilities and compliance with the loan covenants.

Charges on Group Assets

The outstanding bank loan of RMB14.0 million was secured by Everbright International Mansion with an aggregate GFA of approximately 38,082 sq.m. As at 31 December 2020, the fair value of the pledged assets amounted to approximately RMB361.4 million (2019: approximately RMB354.8 million).

Foreign Exchange

The Group's transactions, monetary assets and liabilities are principally denominated in RMB. The management of the Group is of the opinion that the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the year ended 31 December 2020. Therefore, the Group did not engage in any hedging activities.

Contingent Liability

As at 31 December 2020, the Group had no contingent liability (2019: Nil).

Use of Net Proceeds from the Listing

The net proceeds raised from the global offering on 16 January 2018 (the "**Listing Date**"), after deducting relevant listing expenses, was approximately RMB116.1 million ("**Net Proceeds**"). Up to 31 December 2020, the Group had used approximately RMB12.6 million (2019: RMB6.9 million) of the Net Proceeds for the purposes as set out in the section head "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 December 2017 ("**Prospectus**").

	Original allocation from the Listing Date *RMB'000*	**Deduct: Amount utilised up to 31 December 2020** *RMB'000*	**Unutilised Net Proceeds as at 31 December 2020** *RMB'000*	**Expected timeline for utilizing the remaining Net Proceeds**(Note)
Acquisition of properties in the major cities of U.K.	92,904	3,162	89,742	Expected to be fully utilized on or before 31 December 2022
Upgrade in building facilities and/ or renovating the properties of the Group	11,613	5,249	6,364	Expected to be fully utilized on or before 31 December 2022
Working capital and general corporate purposes	11,613	4,140	7,473	N/A
Total	116,130	12,551	103,579	

Note: The expected timeline for utilising the remaining Net Proceeds is prepared based on the assumption of a continuing recovery from the effects of COVID-19 starting from the second quarter of 2020 taking into account, among others, the prevailing and future market conditions and business developments and need. The Group shall update and re-visit its plan continuously based on market conditions and business developments and therefore the expected timeline is subject to change.

As at 31 December 2020, the unutilised Net Proceeds was approximately RMB103.6 million (2019: RMB109.2 million).

During the reporting period, the Group did not acquire properties in the U.K. since it was unable to conduct site visits on properties in London because of the national lockdown in the U.K. After the U.K. government lifts the lockdown and when the outbreak of COVID-19 is under control in the U.K., the Group will continue its site visits, market research and liaise with property agents to acquire properties that fit the Group's selection criteria or development strategies. The Group will closely monitor the lifting of national lockdown and the developments of COVID-19 in the U.K.

The Group has been implementing its renovation plan on Everbright International Mansion and Everbright Financial Center since late 2017 and will continue to make necessary upgrades and improvements to the Group's buildings to maintain competitiveness in the market, maintain and further improve their occupancy rates and increase their average rent. The Group expects to fully utilize the remaining amount allocated for upgrading building facilities and/or renovating the properties of the Group by the end of 2022.

Going forward in 2021, the Directors will closely monitor the development of COVID-19 and its impact on the global economy to evaluate its business objective and to apply the unutilised Net Proceeds according to the changing market condition to create greater value for the Shareholders.

The unutilised Net Proceeds will be applied according to the purposes set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. The Directors considered that it would be in the best interest of the Group to deposit such funds temporarily in the bank accounts to earn interest income and are not aware of any material change to the proposed use of the proceeds as at the date of this announcement.

Employees and Emolument Policy

As at 31 December 2020, the Group employed a total of 143 full-time employees (2019: 138 employees) and appointed 8 directors. Total staff costs, including Directors' emoluments, of the Group were approximately RMB14.9 million (2019: RMB17.6 million). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment commensurate with the remuneration level in the industry. In addition to a basic monthly salary, discretionary bonuses are offered to staff with outstanding performance. The Group also provides other benefits such as medical insurance and mandatory provident fund scheme to employees in Hong Kong. A share option scheme has not been adopted during the year.

The same remuneration policy is applicable to the fixing of Directors' remuneration. Apart from market benchmarks, the Group considers individual performance and contributions and the affordability of the Group in determining the remuneration for each Director.

The Group has not experienced any significant problems with its employees or disruption to its operations due to labour disputes nor has it experienced any difficulty in the recruitment and retention of experienced staff. The Group maintains a good relationship with its employees.

ANNUAL GENERAL MEETING

The 2021 annual general meeting ("**AGM**") of the Company will be held on 10 June 2021. The notice of the AGM will be published and despatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") in due course.

FINAL DIVIDEND

The Board has proposed to pay a final dividend of RMB1.92 cents (equivalent to HK2.29 cents per share (2019: RMB2.03 cents) for the year ended 31 December 2020, payable to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Wednesday, 23 June 2021. Subject to approval by the Shareholders of the payment of final dividend at the forthcoming annual general meeting of the Company to be held on Thursday, 10 June 2021, the proposed final dividend will be paid to the Shareholders on or about Thursday, 8 July 2021.

The proposed final dividend will be paid in Hong Kong dollars. The exchange rate for the dividend to be paid in Hong Kong dollars is the central parity rate of Hong Kong dollars to RMB as announced by the People's Bank of China one day prior to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' eligibility to attend and vote at the AGM and entitlement to the final dividend, the Register of Members will be closed in accordance with the following timetable:

(i) For determining the Shareholders' eligibility to attend and vote at the AGM:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on Friday, 4 June 2021
(b)	Closure of Register of Members	Monday, 7 June 2021 to Thursday, 10 June 2021 (both dates inclusive)

(ii) For determining entitlement to the final dividend:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on Thursday, 17 June 2021
(b)	Closure of Register of Members	Friday, 18 June 2021 to Wednesday, 23 June 2021 (both dates inclusive)
(c)	Record date	Wednesday, 23 June 2021

During the above closure periods, no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, and to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the relevant latest time set out above.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules as its own code of corporate governance since the Listing Date. The Company has complied with all applicable code provisions of the CG Code set out therein, except for CG Code provision A.2.1, throughout the period from the Listing Date up to the date of this announcement.

Pursuant to the CG Code provision A.2.1 of the Corporate Governance Code, the roles of the chairman and the chief executive of the Company should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive of the Company should be clearly established and set out in writing.

The roles of the chairman and the chief executive officer ("**CEO**") of the Company are not separated and are performed by the same individual. Mr. Liu Jia ("**Mr. Liu**") acts as both the chairman and the CEO since the Listing Date. Since Mr. Liu has a wealth of experience in real estate investment, operations and investment projects and has been working for various subsidiaries of Everbright Group since 1991, our Directors consider that vesting the roles of the chairman of the Board and the CEO of the Company in Mr. Liu is beneficial to the management and business development of the Group and will provide strong and consistent leadership to the Group.

As the Board currently comprises two executive Directors (including Mr. Liu), two non-executive Directors and four independent non-executive Directors and therefore our Directors are of the view that there is a fairly strong independence element in its composition. The Board shall nevertheless review the arrangement from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry with each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2020.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three members, namely Mr. Tsoi David (chairman of the Audit Committee), an independent non-executive Director, Mr. Shek Lai Him Abraham, an independent non-executive Director, and Mr. Li Yinzhong, a non-executive Director. The principal duties of the Audit Committee include, among others, the review of the Group's financial reporting procedures, risk management, internal controls and results. The consolidated financial statements of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary results announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.ebgca.com.hk. The annual report of the Company for the year ended 31 December 2020 will be available on both websites and despatched to the Shareholders in due course.

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

Hong Kong, 24 March 2021

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