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光大永年
EVERBRIGHT GRAND CHINA ASSETS

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

(Incorporated in the British Virgin Islands with limited liability and transferred by way of continuation into the Cayman Islands)

(Stock code: 3699)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Director(s)**") 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 2022 together with the comparative figures for the year ended 31 December 2021.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	Notes	**2022** *RMB'000*	2021 *RMB'000*
REVENUE	*4*	**52,297**	52,678
Cost of services		**(13,788)**	(13,066)
Gross profit		**38,509**	39,612
Valuation gains on investment properties		**123**	17,549
Other income, net	*5*	**8,335**	5,858
Distribution costs		**(925)**	(1,788)
Administrative expenses		**(16,274)**	(16,595)
Other operating expenses		**(733)**	(325)
Profit from operations		**29,035**	44,311
Finance costs	*6*	**(231)**	(669)
PROFIT BEFORE TAX	*7*	**28,804**	43,642
Income tax	*8*	**(6,751)**	(10,969)
PROFIT FOR THE YEAR		**22,053**	32,673
Attributable to:			
Equity shareholders of the Company		**22,053**	32,673
EARNINGS PER SHARE			
Basic and diluted	*10*	**RMB0.05**	RMB0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022	2021
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**22,053**	32,673
OTHER COMPREHENSIVE INCOME:		
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**")	**(10,475)**	2,819
Other comprehensive income/(expense) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**17,349**	(10,512)
OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX	**6,874**	(7,693)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**28,927**	24,980
Attributable to:		
Equity shareholders of the Company	**28,927**	24,980

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	Notes	**2022**	2021
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Investment properties		**954,100**	953,700
Property, plant and equipment		**1,336**	1,389
Right-of-use assets		**2,593**	3,468
Deferred tax assets		**311**	1,530
Total non-current assets		**958,340**	960,087
CURRENT ASSETS			
Trade and other receivables and prepayments	*11*	**8,013**	3,887
Cash and bank balances		**214,908**	203,770
Total current assets		**222,921**	207,657
CURRENT LIABILITIES			
Trade and other payables	*12*	**19,175**	23,797
Contract liabilities		**888**	1,461
Bank loan		**—**	7,000
Lease liabilities		**1,181**	1,100
Tax payable		**1,402**	1,265
Total current liabilities		**22,646**	34,623
NET CURRENT ASSETS		**200,275**	173,034
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,158,615**	1,133,121
NON-CURRENT LIABILITIES			
Lease liabilities		**1,408**	2,370
Deferred tax liabilities		**191,919**	190,020
Total non-current liabilities		**193,327**	192,390
Net assets		**965,288**	940,731
EQUITY			
Share capital		**345,042**	345,042
Reserves		**620,246**	595,689
Total equity		**965,288**	940,731

NOTES TO FINANCIAL STATEMENTS

31 December 2022

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 established in 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 2022. 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).

Generally, there is a presumption that a majority of voting rights results in control. 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 following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to HKFRS 16 issued in April 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendment did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(e) *Annual Improvements to HKFRSs 2018–2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are applicable to the Group are as follows:

- HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other’s behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group’s financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 16.

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 2022, revenues of approximately RMB9,261,000 and RMB6,913,000, which represented 17.7% and 13.2% of the Group's total revenue, respectively, were derived from two different single customers.

For the year ended 31 December 2021, revenues of approximately RMB9,261,000 and RMB7,141,000, which represented 17.6% and 13.6% of the Group's total revenue, respectively, were derived from two different single customers.

4. REVENUE

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Provision of property management services	**14,002**	15,419
Revenue from other sources		
Gross rentals from investment properties	**38,295**	37,259
	52,297	52,678

5. OTHER INCOME, NET

	2022	2021
	RMB'000	*RMB'000*
Interest income from bank deposits	**2,379**	1,549
Net foreign exchange gain	**3,270**	4,008
Government grants*	**193**	—
Gain on disposal of property, plant and equipment	**—**	28
Others	**2,493**	273
	8,335	5,858

* During the year ended 31 December 2022, government grants of HK$168,000 (approximately RMB144,000) and RMB34,000, which represented subsidies for stabilising employment, were received from the Government of the Hong Kong Special Administrative Region under the "Anti-epidemic Fund" and government authorities in the PRC, respectively. The remaining balance of HK$17,000 (approximately RMB15,000) was the amount received under "Reimbursement of Maternity Leave Pay Scheme" of the Government of the Hong Kong Special Administrative Region. There were no unfulfilled conditions and contingencies related to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on a bank loan	**169**	626
Interest on lease liabilities	**62**	43
	231	669

7. PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of services rendered*	**13,788**	13,066
Depreciation of property, plant and equipment	**158**	148
Depreciation of right-of-use assets	**1,151**	1,286
Impairment of trade receivables**	**714**	327
Gain on disposal of items of property, plant and equipment, net	**—**	(28)
Employee benefit expense (including directors' remuneration):		
Salaries and other benefits	**15,039**	14,747
Pension scheme contributions	**986**	1,005
	16,025	15,752

* The employee benefit expense included in cost of services rendered was RMB5,067,000 (2021: RMB5,328,000).

** The impairment of trade receivables for the years are included in "Other operating 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 (2021: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2022	2021
	RMB'000	*RMB'000*
Current tax — the PRC		
Corporate Income Tax ("**CIT**")	**3,633**	4,560
Deferred tax	**3,118**	6,118
Withholding tax	**—**	291
	6,751	10,969

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*, *Announcement on Implementing the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (Announcement No. 12 [2021])* and *Announcement on Further Implementing the Preferential Income Tax Policies for Micro and Small Enterprises (Announcement No. 13 [2022])*, Chengdu Everbright Property Management Co., Ltd. and Chengdu Sing Kong City Real Estate Co., Ltd. fall within the eligible industry category and are eligible to enjoy the preferential income tax rates of 2.5% (a reduced rate of 12.5% 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 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 exceeds RMB1,000,000 but does not exceed RMB3,000,000) for the year ended 31 December 2022 (2021: 2.5% when income does not exceed RMB1,000,000 and 10% when income exceeds RMB1,000,000 but does not exceed RMB3,000,000).

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

9. DIVIDENDS

	2022 ***RMB'000***	2021 *RMB'000*
Final dividend paid in respect of the year ended 31 December 2021 — RMB0.99 cents (2020: RMB1.92 cents) per ordinary share	**4,370**	8,475
Special dividend paid — Nil (2021: RMB1.50 cents) per ordinary share	**—**	6,621
	4,370	15,096
Interim dividend — Nil (2021: RMB0.86 cents) per ordinary share	**—**	3,796
Proposed final dividend — RMB1.90 cents (2021: RMB0.99 cents) per ordinary share	**8,387**	4,370

The proposed final dividend for the year is subject to the approval of the Company's shareholders ("**Shareholders**") at the forthcoming annual general meeting. The 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 the basic earnings per share amounts is based on the profit for the year attributable to equity shareholders of the Company of RMB22,053,000 (2021: RMB32,673,000), and the weighted average number of ordinary shares of 441,400,000 (2021: 441,400,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**6,472**	2,954
Impairment	**(1,243)**	(529)
	5,229	2,425
Other receivables and prepayments	**2,784**	1,462
	8,013	3,887

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:

	2022	2021
	RMB'000	*RMB'000*
Within 1 month	**4,361**	2,425
1 to 2 months	**243**	—
2 to 3 months	**625**	—
	5,229	2,425

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

	2022	2021
	RMB'000	*RMB'000*
At beginning of year	**529**	202
Impairment losses, net *(note 7)*	**714**	327
At end of year	**1,243**	529

12. TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**621**	1,439
Interest payable	**—**	22
Other taxes and charges payable	**401**	245
Deposits received	**3,777**	5,204
Accrued payroll and other benefits	**3,400**	2,896
Rental receipt-in-advance	**10,008**	12,302
Other payables	**968**	1,689
	19,175	23,797

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:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**139**	235
Over 3 months	**482**	1,204
	621	1,439

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Result

For the financial year ended 31 December 2022, the Group's revenue and profit attributable to equity shareholders of the Company amounted to approximately RMB52.3 million (2021: approximately RMB52.7 million) and approximately RMB22.1 million (2021: approximately RMB32.7 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 2022 amounted to approximately RMB52.3 million (2021: approximately RMB52.7 million), which represented a decrease of approximately 0.8% as compared to last year, mainly impacted by the reduction in revenue from property management service. Profit attributable to equity shareholders of the Company for the year ended 31 December 2022 was approximately RMB22.1 million (2021: approximately RMB32.7 million), which represented a decline of approximately 32.4% as compared to last year. The decrease in profit is mainly due to the decline in valuation gains on investment properties during the year. The basic earnings per share for the year ended 31 December 2022 was approximately RMB0.05 (2021: RMB0.07). 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 RMB38.3 million for the year ended 31 December 2022 (2021: RMB37.3 million). The slight rise in the average rent per square meters ("**sq.m.**") resulted in the increase in total rental income. The Group's leasing properties are located in Chengdu, Sichuan province and Kunming, Yunnan province in the PRC. As at 31 December 2022, the Group's 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 (2021: 89,507) sq.m.

Property Leasing Portfolio

	As at 31 December 2022		Average occupancy rate		Average occupancy rate (Commercial use)[1]		Rental income for the year ended 31 December	
	GFA owned	Commercial use GFA[1]	**2022**	2021	**2022**	2021	**2022**	2021
	(sq.m.)	*(sq.m.)*	**%**	%	**%**	%	***RMB (million)***	*RMB (million)*
Commercial Properties								
Everbright Financial Center[2] No. 9 Wenwu Road, Qingyang District, Chengdu	34,335	31,153	**63%**	73%	**70%**	81%	**18.9**	20.4
Everbright International Mansion[2] No. 2 Caoshi Street, Qingyang District, Chengdu	38,199	28,905	**68%**	64%	**90%**	85%	**9.8**	8.3
Ming Chang Building[2] No. 28 Renmin Road Central, Wuhua District, Kunming	16,973	16,973	**96%**	92%	**96%**	92%	**9.6**	8.6
	89,507	77,031					**38.3**	37.3

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.

Property Management Service

The Group provided property management services for its properties, namely, Everbright Financial Center and Everbright International Mansion. Revenue from the Group's property management services was approximately RMB14.0 million for the year ended 31 December 2022 (2021: RMB15.4 million). The decrease in revenue from property management services was resulted from the decrease in occupancy rate during the year. The total GFA under the Group's management dropped 8.6% to approximately 59,413 sq.m. as at 31 December 2022 (2021: 65,037 sq.m.).

Investment Properties

The Group's 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 2022, the fair value of the investment properties was RMB954.1 million (2021: RMB953.7 million). The valuation gains on investment properties for the year ended 31 December 2022 amounted to approximately RMB0.1 million (2021: approximately RMB17.5 million), representing a decrease of approximately RMB17.4 million as compared to last year. The decrease indicated the property market in the PRC was affected by COVID-19 near the end of the reporting period.

Prospects

The year 2022 was still a difficult year for the global economy, which has been hit by multiple and complex factors. Multiple risk factors such as the Russia-Ukraine war crisis, global high inflation and the spread of new variants of COVID-19 have seriously exacerbated the pace of recovery of world economy. Under the influence of macroeconomy and real estate development, coupled with the disruption from the pandemic and sluggish consumption, the scale of property management has still achieved steady expansion. Recently, positive signals have been continuously released in respect of policies, and relevant state authorities have successively issued a number of policy documents to continue to promote the development of the industry.

The report of the 20th Party Congress proposed the implementation of the national strategy to actively respond to the aging population and the development of the elderly care business and the elderly care industry. The Ministry of Housing and Urban-Rural Development clearly pointed out that it will introduce technologies such as the Internet of Things, cloud computing, big data, block chain and artificial intelligence to build a smart property management service platform and promote the integrated development of online and offline services. With the popularization of technologies such as the Internet of Things and big data, the penetration rate of hardware facilities such as smart gateway, smart access control and smart parking lots has increased within the community, and the property management industry is expected to achieve technology empowerment, reduce labour costs and improve long-term competitiveness. Intelligent community management is in line with the people's growing demand for better lifestyle services and the progress driven by technological advances. The wave of the Internet of Everything continues to forge ahead, and coupled with the catalysis of policies, the demand for smart properties is expected to be further released, which will provide important development opportunities for the property management industry.

In addition, the Outline of the "14th Five-Year" Plan and Long-Range Objectives through the Year 2035 (《「十四五」規劃綱要和2035年遠景目標綱要》) issued by the central government has mentioned the property management industry for several times, and regards the service industry, including property, as an important direction to accelerate the quality development of the lifestyle service industry, which further promotes the integration of property into community governance. Housekeeping service is an important part of value-added services for property. With the enhancement of residents' awareness of service consumption and the gradual release of demand for a better community life, the property is expected to further tap into the large blue ocean market of community service consumption.

Under the influence of uncertainties, the Group's property leasing business was inevitably impacted, which resulted in a downward pressure on rental income from the properties. However, the Group has already started its deployment in 2021 and has acquired new tenants since this year. Benefiting from the synergy created from the China Everbright Group and the popularity of the "Everbright" brand, the Group is able to maintain a friendly long-term cooperation that is mutually beneficial and creates a win-win situation which contributes to the stable growth of its leasing business.

The decline in the completions of new property projects in mainland China and the increase in the average building age of projects under management that is common among property service companies have stimulated a gradual shift from the previous focus on aggressive expansion in scale to quality growth. The Group believes that the future trend of the industry will focus on enhancing service quality, building the profitability of each of its properties under management and enhancing brand value in order to achieve the operation objective of growth in scale.

In fact, the property management industry in mainland China is still in its formative years, and on one hand, the Group's professional property management team continued to provide high-quality property management services for its projects to enhance the value of properties, and continued to actively identify properties with investment potential on the other hand, and it also continued to develop new value-added service business to broaden its service boundary and business scope.

For the plan to acquire new assets overseas, the Group will continue to prudently and closely review the market environment and the potential investment returns of various types of properties in order to formulate appropriate business development strategies, and will also determine the pace of acquisition of new assets in overseas markets in light of factors such as changes in market and macro environment factors, currency exchange rates and interest rate movements. In respect of the business expansion strategies in mainland China, the Group will continue to identify opportunities with good return potential in mainland China on one hand, and will seek for synergy with its parent company, China Everbright Group, to achieve more efficient allocation of resources on the other hand.

Looking forward to 2023, there are still many uncertainties in global economy and business environment for enterprises. However, as all regions of China are gradually emerging from the shadow of the COVID-19 pandemic, the central government is also gradually relaxing its regulation on the property industry in an orderly manner and is actively promoting the improvement of operating cash flows of developers, resulting in signs of recovery in property sales in mainland China. At the same time, the state has launched a series of encouraging policies to support and promote the development of the property management industry, which resulted in a significant emphasis on the role of the industry in the country's development. The Group remains cautiously optimistic about the development of the property management industry in 2023.

Liquidity and Financial Resources

The total equity of the Group as at 31 December 2022 was approximately RMB965.3 million (2021: approximately RMB940.7 million). As at 31 December 2022, the Group maintained cash and bank balances of approximately RMB214.9 million (2021: approximately RMB203.8 million). The Group's net current assets was approximately RMB200.3 million as at 31 December 2022 (2021: approximately RMB173.0 million). The Group had current assets of approximately RMB222.9 million as at 31 December 2022 (2021: approximately RMB207.7 million). The increase in current assets was mainly due to the rise in trade and other receivables and prepayments during the year. The Group had current liabilities of RMB22.6 million (2021: approximately RMB34.7 million). The decrease in current liabilities was mainly due to the repayment of a bank loan during the year.

The working capital and long-term funding required by the Group are primarily derived from income generated from core business operations. The Group fully repaid the bank loan of RMB7.0 million during the year. As at 31 December 2021, the bank loan of RMB7.0 million was secured by the Group's investment properties. The Group's gearing ratio, being measured by the Group's total liabilities over its total assets, was 18.3% (2021: 19.4%) as at 31 December 2022. 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 considers sufficient to finance its operations and mitigate the effects of fluctuations in cash flow has been maintained.

Charges on Group Assets

As at 31 December 2022, the Group had no charged assets.

As at 31 December 2021, the outstanding bank loan of RMB7.0 million was secured by Everbright International Mansion with an aggregate GFA of approximately 38,082 sq.m. and the fair value of the said pledged assets amounted to approximately RMB366.5 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 years ended 31 December 2022 and 2021. Therefore, the Group did not engage in any hedging activities.

Contingent Liability

As at 31 December 2022, the Group had no contingent liability (2021: 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 2022, the Group had used approximately RMB14.8 million (2021: RMB13.0 million) of the Net Proceeds for the purposes as set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated 29 December 2017 ("**Prospectus**").

	Net Proceeds	**Amount utilised up to 31 December 2021**	**Utilised during the year ended 31 December 2022**	**Amount utilised up to 31 December 2022**	**Unutilised Net Proceeds as at 31 December 2022**	**Expected timeline for utilising the remaining Net Proceeds**(Note)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Acquisition of properties in the major cities of the United Kingdom (U.K.)	92,904	3,162	—	3,162	89,742	Expected to be fully utilised on or before 31 December 2024
Upgrade in building facilities and/or renovating the properties of the Group	11,613	5,746	1,737	7,483	4,130	Expected to be fully utilised on or before 31 December 2024
Working capital and general corporate purposes	11,613	4,140	—	4,140	7,473	N/A
Total	116,130	13,048	1,737	14,785	101,345	

Note: The expected timeline for fully utilising the unutilised Net Proceeds is based on the best estimations of the future market conditions made by the Group and is subject to change based on the current and future development of the market conditions.

As at 31 December 2022, the unutilised Net Proceeds was approximately RMB101.3 million (2021: RMB103.1 million).

As the COVID-19 pandemic gradually subsides in the second half of 2022, the travel and quarantine restrictions were gradually lifted near the end of 2022. The Group has resumed site visits and will continue market research and liaising with property agents in order to acquire property in London that fit the Group's selection criteria and development strategy. Taking into account that the U.K. economy is expected to enter into recession in 2023, the time required to identify potential targets which fit the property selection criteria and development strategy of the Group and the time required to complete such acquisition, it is expected that the remaining amount of the unutilised Net Proceeds allocated for acquisition of properties in major cities of the U.K. will be fully utilised by the end of 2024.

Similarly following the gradual recovery from the COVID-19 pandemic, the Group expects to see a business recovery and improvements and upgrades will gradually be made to the properties on necessary basis to allow the Group to improve the properties' occupancy rates and further increase their average rent. Considering our development strategies and the time required to undergo upgrades and renovation, it is expected that the remaining amount of the unutilised Net Proceeds allocated for upgrading building facilities and/or renovating the properties of the Group will be fully utilised by the end of 2024.

Going forward in 2023, the Directors will closely monitor the current and future market development to evaluate its business objectives 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 2022, the Group employed a total of 137 employees (2021: 141 employees) and appointed 8 Directors. Total staff costs, including Directors' emoluments, of the Group were approximately RMB16.0 million (2021: RMB15.8 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 retirement benefits scheme. The Group maintains a good relationship with its employees.

ANNUAL GENERAL MEETING

The 2023 annual general meeting ("**AGM**") of the Company will be held on Thursday, 15 June 2023. 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 RMB1.90 cents (equivalent to HK2.17 cents) per share (2021: RMB0.99 cents) for the year ended 31 December 2022, payable to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 30 June 2023. The full year dividend amounts to RMB1.90 cents per share (2021: RMB3.35 cents per share).

Subject to approval by the Shareholders of the payment of final dividend at the forthcoming AGM of the Company to be held on Thursday, 15 June 2023, the proposed final dividend will be paid to the Shareholders on or about Friday, 14 July 2023.

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 on Monday, 27 March 2023.

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, 9 June 2023
(b) Closure of Register of Members	Monday, 12 June 2023 to Thursday, 15 June 2023 (both dates inclusive)

(ii) For determining entitlement to the final dividend:

(a)	Latest time to lodge transfer documents for registration	4:30 pm on Friday, 23 June 2023
(b)	Closure of Register of Members	Monday, 26 June 2023 to Friday, 30 June 2023 (both dates inclusive)
(c)	Record date	Friday, 30 June 2023

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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the relevant latest time set out above.

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

During the year ended 31 December 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 15 December 2017 (the "**Share Option Scheme**") for the purpose of providing incentive or rewarding eligible persons ("**Eligible Persons**"). Eligible Persons include director, employee, agent, consultant, business partner, joint venture partner, supplier of goods or services or any director or employee of such supplier, customer or any director or employee of such customer, and person or entity that provides research, development or other technological support or any advisory, consultancy or professional services or any director or employee of such entity, who has contributed or will contribute to the Group on the basis of their contribution to the development and growth of the Group.

The Share Option Scheme became effective on the Listing Date and, unless otherwise cancelled or amended, will remain in force for 10 years from the date of adoption of the Share Option Scheme (i.e. 14 December 2027).

No share options were granted under the Share Option Scheme since its adoption or approval.

CORPORATE GOVERNANCE

The Board is committed to maintaining statutory and regulatory standards and adherence to the principles of corporate governance with emphasis on transparency, independence, accountability and responsibility. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of Shareholders and comply with increasingly stringent regulatory requirements, and to fulfill its commitment to excellence in corporate governance.

The Company has complied with all applicable code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules set out therein, except for CG Code provision C.2.1, throughout the year ended 31 December 2022. Pursuant to CG Code provision C.2.1, the roles of the chairman and the chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive 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**") has acted 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, taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors consider that Mr. Liu is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the Shareholders as a whole.

As the Board currently comprises two executive Directors (including Mr. Liu), two non-executive Directors and four independent non-executive Directors, therefore the Directors are of the view that there is a fairly strong independence element in its composition and an appropriate delegation of authorities to the management. The Board shall nevertheless review the arrangement from time to time to ensure that it is appropriate to the Group's circumstances.

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 for the year ended 31 December 2022.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises three independent non-executive Directors, namely Mr. Tsoi David (chairman of the Audit Committee), Mr. Shek Lai Him Abraham and Mr. Lee Jor Hung. 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 2022 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 2022 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 2022 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, 28 March 2023

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