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 2023

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 2023 together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
REVENUE	*4*	**46,779**	52,297
Cost of services		**(12,162)**	(13,788)
Gross profit		**34,617**	38,509
Valuation gains on investment properties		**5,308**	123
Other income, net	*5*	**6,835**	8,335
Distribution costs		**(533)**	(925)
Administrative expenses		**(19,149)**	(16,274)
Other operating expenses		**(745)**	(733)
Profit from operations		**26,333**	29,035
Finance costs	*6*	**(41)**	(231)
PROFIT BEFORE TAX	*7*	**26,292**	28,804
Income tax	*8*	**(7,034)**	(6,751)
PROFIT FOR THE YEAR		**19,258**	22,053
Attributable to:			
Equity shareholders of the Company		**19,258**	22,053
EARNINGS PER SHARE			
Basic and diluted	*10*	**RMB0.04**	RMB0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023 *RMB'000*	2022 *RMB'000*
PROFIT FOR THE YEAR	**19,258**	22,053
OTHER COMPREHENSIVE INCOME:		
Other comprehensive expenses 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**")	**(9,480)**	(10,475)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of the Company	**10,358**	17,349
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**878**	6,874
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**20,136**	28,927
Attributable to:		
Equity shareholders of the Company	**20,136**	28,927

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Investment properties		**959,500**	954,100
Property, plant and equipment		**1,541**	1,336
Right-of-use asset		**1,416**	2,593
Deferred tax assets		**405**	311
Total non-current assets		**962,862**	958,340
CURRENT ASSETS			
Trade and other receivables and prepayments	*11*	**9,225**	8,013
Cash and bank balances		**222,211**	214,908
Total current assets		**231,436**	222,921
CURRENT LIABILITIES			
Trade and other payables	*12*	**22,774**	19,175
Contract liabilities		**1,366**	888
Lease liabilities		**1,222**	1,181
Tax payable		**450**	1,402
Total current liabilities		**25,812**	22,646
NET CURRENT ASSETS		**205,624**	200,275
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,168,486**	**1,158,615**
NON-CURRENT LIABILITIES			
Lease liabilities		**206**	1,408
Deferred tax liabilities		**195,921**	191,919
Total non-current liabilities		**196,127**	193,327
Net assets		**972,359**	965,288
EQUITY			
Share capital		**345,042**	345,042
Reserves		**627,317**	620,246
Total equity		**972,359**	965,288

NOTES TO FINANCIAL STATEMENTS
31 December 2023

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. ACCOUNTING POLICIES

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**") 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 2023. 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 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 the related assets (including goodwill) liabilities, any non-controlling interest and the exchange reserve; and recognises the fair value of any investment retained and 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 new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	*Insurance Contracts*
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform — Pillar Two Model Rules*

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

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users if general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The application of these amendments did not have material impact to the Group's financial statements.

(d) Amendments to HKAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to 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 2023, revenues of approximately RMB9,261,000 and RMB5,914,000, which represented 19.8% and 12.6% of the Group's total revenue, respectively, were derived from two different single 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.

4. REVENUE

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Provision of property management services	**13,545**	14,002
Revenue from other sources		
Gross rentals from investment properties	**33,234**	38,295
Total	**46,779**	52,297

5. OTHER INCOME, NET

	2023	2022
	RMB'000	*RMB'000*
Interest income from bank deposits	**6,445**	2,379
Net foreign exchange gain	**125**	3,270
Government grants*	**33**	193
Others	**232**	2,493
Total other income, net	**6,835**	8,335

* During the year ended 31 December 2023, government grants of RMB33,000, which represented subsidies for stabilising employment, were received from the government authorities in the PRC. There were no unfulfilled conditions and contingencies related to these grants.

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:

	2023	2022
	RMB'000	*RMB'000*
Interest on a bank loan	**—**	169
Interest on lease liabilities	**41**	62
Total	**41**	231

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2023	2022
	RMB'000	*RMB'000*
Cost of services rendered*	**12,162**	13,788
Depreciation of property, plant and equipment	**164**	158
Depreciation of right-of-use asset	**1,206**	1,151
Impairment of trade receivables**	**704**	714
Loss on disposal of items of property, plant and equipment, net	**18**	—
Employee benefit expense (including directors' remuneration):		
Salaries and other benefits	**15,863**	15,039
Pension scheme contributions	**1,072**	986
	16,935	16,025

* The employee benefit expense included in cost of services rendered was RMB5,160,000 (2022: RMB5,067,000).

** 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 (2022: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2023	2022
	RMB'000	*RMB'000*
Current tax — the PRC		
Corporate Income Tax ("**CIT**")	**2,392**	3,633
Deferred tax	**3,908**	3,118
Withholding tax	**734**	—
Total	**7,034**	6,751

9. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Final dividend paid in respect of the year ended 31 December 2022 — RMB1.90 cents (2021: RMB0.99 cents) per ordinary share	**8,387**	4,370
Interim dividend — RMB1.06 cents (2022: Nil) per ordinary share	**4,678**	—
Proposed final dividend — RMB0.6 cents (2022: RMB1.90 cents) per ordinary share	**2,648**	8,387

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 RMB19,258,000 (2022: RMB22,053,000), and the weighted average number of ordinary shares of 441,400,000 (2022: 441,400,000) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**8,615**	6,472
Impairment	**(1,622)**	(1,243)
Net carrying amount	**6,993**	5,229
Other receivables and prepayments	**2,232**	2,784
	9,225	8,013

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:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**6,993**	4,361
1 to 2 months	**—**	243
2 to 3 months	**—**	625
Total	**6,993**	5,229

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

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**1,243**	529
Impairment losses, net	**704**	714
Amount written off as uncollectable	**(325)**	—
At end of year	**1,622**	1,243

12. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**674**	621
Other taxes and charges payable	**1,139**	401
Deposits received	**3,571**	3,777
Accrued payroll and other benefits	**3,533**	3,400
Rental receipt-in-advance	**11,558**	10,008
Other payables	**2,299**	968
Total	**22,774**	19,175

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**—**	139
Over 3 months	**674**	482
Total	**674**	621

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Result

For the financial year ended 31 December 2023, the Group's revenue and profit attributable to equity shareholders of the Company amounted to approximately RMB46.8 million (2022: approximately RMB52.3 million) and approximately RMB19.3 million (2022: approximately RMB22.1 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 2023 amounted to approximately RMB46.8 million (2022: approximately RMB52.3 million), which represented a decrease of approximately 10.5% as compared to last year, mainly impacted by the reduction in revenue from rental income. Profit attributable to equity shareholders of the Company for the year ended 31 December 2023 was approximately RMB19.3 million (2022: approximately RMB22.1 million), which represented a decline of approximately 12.7% as compared to last year. The decrease in profit is mainly due to the decline in gross profit and increase in administrative expenses during the year. The basic earnings per share for the year ended 31 December 2023 was approximately RMB0.04 (2022: RMB0.05). 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 RMB33.2 million for the year ended 31 December 2023 (2022: RMB38.3 million). The reduction in the average occupancy rate and the average rent per square meters ("**sq.m.**") resulted in the decrease 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 2023, 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 (2022: 89,507) sq.m.

Property Leasing Portfolio

	As at 31 December 2023		Average occupancy rate		Average occupancy rate (Commercial use)[1]		Rental income for the year ended 31 December	
	GFA owned	Commercial use GFA[1]	**2023**	2022	**2023**	2022	**2023**	2022
	(sq.m.)	*(sq.m.)*	**%**	%	**%**	%	***RMB (million)***	*RMB (million)*
Commercial Properties								
Everbright Financial Center	34,335	31,153	**57%**	63%	**63%**	70%	**15.7**	18.9
Everbright International Mansion	38,199	28,905	**67%**	68%	**88%**	90%	**9.9**	9.8
Ming Chang Building	16,973	16,973	**77%**	96%	**77%**	96%	**7.6**	9.6
	89,507	77,031					**33.2**	38.3

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 RMB13.6 million for the year ended 31 December 2023 (2022: RMB14.0 million). The decrease in revenue from property management services was resulted from the decline in the average management fee per sq.m. during the year. As at 31 December 2023, the total GFA under the Group's management rised 11.2% to approximately 66,051 sq.m. (2022: 59,413 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 2023, the fair value of the investment properties was RMB959.5 million (2022: RMB954.1 million), representing an increase of approximately 0.6% as compared to last year. The increase indicated the property market in the PRC improved steadily after the COVID-19. The valuation gains on investment properties for the year ended 31 December 2023 amounted to approximately RMB5.3 million (2022: approximately RMB0.1 million).

Prospects

With various countries around the world implementing monetary tightening and high interest rate policies, trade between nations has weakened, weakening the confidence among businesses and consumers. Consequently, the global economy remained trapped in a state of uncertainty throughout 2023. The National Bureau of Statistics announced that the annual gross domestic product (GDP) was RMB126,058.2 billion in 2023, a year-on-year increase of 5.2% at constant prices, while China's Two Sessions sets 2024 GDP growth target of around 5%. The International Monetary Fund (IMF) has pointed out that China's economy has achieved the government's growth target for 2023, reflecting a strong recovery after the COVID-19 pandemic. The IMF anticipates that China's actual GDP to grow by 4.6% in 2024.

According to various data from the National Bureau of Statistics, the ongoing debt crisis in real estate market in China has led to a prolonged adjustment period in the property management sector, and the market continues to face downward pressure. However, as the central government continues to vigorously promote economic growth and implement stimulus policies, the market anticipates that this will help drive the real estate and rental markets, thus having a positive impact on the stability and growth of the property management industry. Furthermore, the profitability restoration in the domestic property management sector is largely complete, and as long as the real estate sales stabilize, it is believed to have a positive effect on improving the overall industry sentiment.

Although the property management industry has followed the decline of the real estate market in China, the decline in the properties under management of the Group, which are primarily commercial properties, is relatively lower compared to residential properties, resulting in the continued stabilization of the Group's tenants, rental contracts and occupancy rate during the year under review. Despite the general pessimism towards economic growth in 2024, the stable operating conditions of our clients and the stability of our rental contracts, along with policy support, are expected to contribute to a stable trend of rentals and an improvement in the property management industry.

The meeting of the Political Bureau and the Central Economic Work Conference were held at the end of 2023. The market is highly concerned about resolving the supply-side debt risk and the establishment of new models such as the "three major projects", and the favourable macroeconomic policies may contribute to the stable development of the real estate sector. With the renewed emphasis on the role of real estate in stabilizing the economy, it is expected to contribute to an increased recovery momentum in the property management sector.

At the same time, the market expects that more and more cities will lift restrictions on price reductions for new properties, leading to a recovery in sales for various types of properties, and the real estate market in China is expected to experience moderate growth next year. In fact, the property management industry generally has a better recovery speed and risk resistance compared to the real estate market. Therefore, relative to asset-heavy real estate enterprises in China, property management companies will be able to mitigate their operational risks.

Despite the uncertain prospects in the industry and the challenges posed by high interest rates, the Group has managed to maintain a healthy average property occupancy rate and a stable financial condition. Throughout the year, we continued to maintain a debt-free and financially secure status. Looking ahead, the Group anticipates a continued preference for a conservative approach in its overall business operations. Nevertheless, the Company will continue to prudently seek suitable new investment opportunities with long-term return potential, with a focus on investment properties.

For development trend of the industry, the property management industry has entered a phase of refocusing on its core service essence. The fundamental nature of property management lies in providing services, and in recent years, more and more property management companies have actively enhanced the quality of their services, aiming for long-term sustainability. It is anticipated that the industry will increasingly prioritize the coordinated development of quality and speed, while also striving to expand the scope of services and identify areas for value-added offerings. Recognizing this trend, the Group's professional property management team will continue to deliver high-quality property management services to our existing projects, while also continuing to enhance the value of property and related management services through dedicated efforts.

Facing the current business environment, the Group is determined to tackle challenges and continue to develop diversified value-added services by leveraging on the synergy created from our parent company, the China Everbright Group, and the popularity of the "Everbright" brand. We will strive to increase our revenue and profitability, while also proactively enhancing our brand influence. We will seize the opportunity during the industry adjustment period to further reinforce our self-positioning, consolidate our competitiveness, and strengthen our resilience against risks, thereby enabling the Group to become a robust enterprise with solid strength for long-term sustainable development.

Liquidity and Financial Resources

The total equity of the Group as at 31 December 2023 was approximately RMB972.4 million (2022: approximately RMB965.3 million). As at 31 December 2023, the Group maintained cash and bank balances of approximately RMB222.2 million (2022: approximately RMB214.9 million). The Group's net current assets was approximately RMB205.6 million as at 31 December 2023 (2022: approximately RMB200.3 million). The Group had current assets of approximately RMB231.4 million as at 31 December 2023 (2022: approximately RMB222.9 million). The increase in current assets was mainly due to the rise in cash and bank balances during the year. The Group had current liabilities of RMB25.8 million (2022: approximately RMB22.6 million). The increase in current liabilities was mainly due to the increase in trade and other payables 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's gearing ratio, being measured by the Group's total liabilities over its total assets, was 18.6% (2022: 18.3%) as at 31 December 2023. 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 2023, the Group had no charged assets (2022: Nil).

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 2023 and 2022. Therefore, the Group did not engage in any hedging activities.

Contingent Liability

As at 31 December 2023, the Group had no contingent liability (2022: 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 2023, the Group had used approximately RMB15.1 million (2022: RMB14.8 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 2022	Utilised during the year ended 31 December 2023	Amount utilised up to 31 December 2023	Unutilised Net Proceeds as at 31 December 2023	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 2025
Upgrade in building facilities and/or renovating the properties of the Group	11,613	7,483	295	7,778	3,835	Expected to be fully utilised on or before 31 December 2025
Working capital and general corporate purposes	11,613	4,140	—	4,140	7,473	N/A
Total	116,130	14,785	295	15,080	101,050	

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 2023, the unutilised Net Proceeds was approximately RMB101.1 million (2022: RMB101.3 million).

The Group has resumed site visits in 2023 and will continue to conduct market research and liaise with property agents for acquisition of property in London that fit the Group's selection criteria and development strategy. Taking into account that the fluctuation in the UK property prices and the changing demand in the UK housing market led by the increase in remote working after the COVID-19 pandemic, 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 2025.

Similarly following the recovery from the COVID-19 pandemic, the Group expects to see a business recovery. During the year ended 31 December 2023, improvements and upgrades have gradually been 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 2025.

Going forward in 2024, 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 2023, the Group employed a total of 139 employees (2022: 137 employees) and appointed 8 Directors. Total staff costs, including Directors' emoluments, of the Group were approximately RMB16.9 million (2022: RMB16.0 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 2024 annual general meeting ("**AGM**") of the Company will be held on Thursday, 6 June 2024. 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 RMB0.6 cents (equivalent to HK0.66 cents) per share (2022: RMB1.90 cents) for the year ended 31 December 2023, payable to the Shareholders whose names appear on the register of members of the Company (the "**Register of Members**") on Friday, 28 June 2024. Together with the interim dividend of RMB1.06 cents per share, the full year dividend amounts to RMB1.66 cents per share (2022: RMB1.90 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, 6 June 2024, the proposed final dividend will be paid to the Shareholders on or about Friday, 12 July 2024.

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 Tuesday, 26 March 2024.

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, 31 May 2024

(b) Closure of Register of Members. Monday, 3 June 2024 to Thursday, 6 June 2024 (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, 21 June 2024

(b) Closure of Register of Members. . . . . Monday, 24 June 2024 to Friday, 28 June 2024 (both dates inclusive)

(c) Record date. . . . . .Friday, 28 June 2024

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 2023, 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 C1 to the Listing Rules set out therein, except for CG Code provision C.2.1, throughout the year ended 31 December 2023. 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 C3 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 2023.

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 2023 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 2023 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 2023 will be available on both websites and despatched to the Shareholders (if requested) in due course.

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

Hong Kong, 27 March 2024

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