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

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

(Stock code: 3699)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board of directors (the "**Board**") of Everbright Grand China Assets Limited (the "**Company**") is pleased to announce the unaudited financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2018 together with the comparative figures for the corresponding period in 2017.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

(Expressed in Renminbi (RMB))

		Six months ended 30 June	
	Note	**2018**	2017
			(Note)
		RMB'000	*RMB'000*
Revenue	*3*	**31,122**	32,701
Cost of sales	*5*	**(7,251)**	(8,553)
Gross profit		**23,871**	24,148
Other net income	*4*	**928**	9
Valuation gains on investment property	*8*	**29,417**	6,718
Distribution costs		**(492)**	(384)
Administrative expenses		**(13,270)**	(14,487)
Other operating expenses		**(138)**	(13)
Finance costs	*5*	**(843)**	(1,186)

	Note	Six months ended 30 June 2018	2017
			(Note)
		RMB'000	*RMB'000*
Profit before taxation	*5*	**39,473**	14,805
Income tax	*6*	**(10,603)**	(5,639)
Profit for the period		**28,870**	9,166
Attributable to:			
Equity shareholders of the Company		**28,870**	9,166
Earnings per share	*7*		
Basic and diluted		**RMB0.07**	RMB0.03

Note: The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018 – UNAUDITED

(Expressed in RMB)

	Six months ended 30 June	
	2018	2017
		(Note)
	RMB'000	*RMB'000*
Profit for the period	**28,870**	9,166
Other comprehensive income for the period (after tax):		
Item that may be reclassified to profit or loss:		
Exchange differences on translation of:		
– financial statements of companies outside the People's Republic of China (the "**PRC**")	**2,493**	(188)
Total comprehensive income for the period	**31,363**	8,978
Attributable to:		
Equity shareholders of the Company	**31,363**	8,978

Note: The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018 – UNAUDITED

(Expressed in RMB)

	Note	30.06.2018 RMB'000	31.12.2017 RMB'000
Non-current assets			
Investment property	8	**906,300**	876,600
Other property, plant and equipment	8	**3,394**	3,437
Deferred tax assets		**1,602**	1,325
		911,296	881,362
Current assets			
Properties held for sale		**3,794**	3,794
Contract assets		**1,983**	–
Trade and other receivables	9	**9,770**	8,742
Amounts due from a related party		**3,005**	–
Cash and cash equivalents	10	**160,601**	42,435
		179,153	54,971
Current liabilities			
Trade and other payables	11	**13,873**	12,470
Receipts-in-advance		**–**	8,327
Contract liabilities		**9,051**	–
Bank loans		**6,000**	6,000
Current taxation		**1,292**	1,924
		30,216	28,721
Net current assets		**148,937**	26,250
Total assets less current liabilities		**1,060,233**	907,612

	Note	**30.06.2018**	31.12.2017
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans		**23,500**	26,500
Deferred tax liabilities		**169,745**	161,847
		193,245	188,347
NET ASSETS		**866,988**	719,265
CAPITAL AND RESERVES			
Share capital	*12(b)*	**345,042**	273,975
Reserves		**521,946**	445,290
TOTAL EQUITY		**866,988**	719,265

Note: The Group has initially applied HKFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

NOTES

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (HKAS) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It was authorised for issue on 29 August 2018.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statement and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2017 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated on 23 March 2018.

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The HKICPA has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 9, *Financial instruments*
- HKFRS 15, *Revenue from contracts with customers*
- HK(IFRIC) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

HKFRS 9 and HK (IFRIC) 22 do not have a material effect on how the Group's results and financial position for the current or prior period have been prepared or presented in this interim financial information.

The Group has been impacted by HKFRS 15 in relation to presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for HKFRS 15. Under the transition methods chosen, the Group recognises the cumulative effects of the initial application of HKFRS 15 as an adjustment to the opening statement of financial position at 1 January 2018. Comparative information is not restated.

(b) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method. Comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

Presentation of contract assets and liabilities

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of HKFRS 15:

a. Trade debtors amounting to RMB3,132,734, which was previously included in trade and other receivables are now included under contract assets.

b. Receipts-in-advance amounting to RMB8,327,024 is now reclassified to contract liabilities.

3 REVENUE AND SEGMENT REPORTING

(a) Segment reporting

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 performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess 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.

(b) Revenue

The principal activities of the Group are property leasing and provision of property management services.

The amount of each significant category of revenue is as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
– Property leasing	**21,329**	18,604
– Provision of property management service	**9,793**	10,247
– Sales of properties held for sale	**–**	3,850
	31,122	32,701

4 OTHER NET INCOME

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Interest income from bank deposits	**454**	173
Net foreign exchange gain/(losses)	**404**	(340)
Others	**70**	176
	928	9

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
(a) Finance costs		
Interest expense on bank loans	**843**	1,186

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
(b) Staff costs		
Salaries, wages and other benefits	**6,656**	8,225
Contributions to defined contribution retirement plan	**732**	729
	7,388	8,954
Included in:		
Cost of sales	**3,749**	3,750
Administrative expenses	**3,496**	5,047
Distribution costs	**143**	157
	7,388	8,954

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
(c) Other items		
Depreciation	**191**	209
Auditor's remuneration	**333**	355
Listing expenses	**6,877**	7,208
Cost of properties held for sale sold	**–**	1,172

6 INCOME TAX

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Current tax – PRC CIT	**2,982**	1,568
Deferred taxation	**7,621**	3,461
Current tax – PRC LAT	**–**	271
Withholding tax	**–**	339
	10,603	5,639

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

Pursuant to "Announcement of the State Administration of Taxation on Issues Relating to Enterprise Income Tax Pertaining to Implementation of the Catalogue of Encouraged Industries in Western Region", Chengdu Everbright Property Management Co., Ltd ("**Everbright PM**") falls within the eligible industry category and is eligible to enjoy the preferential income tax rate of 15% from 2011 to 2020.

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

7 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB28,870 thousand (six months ended 30 June 2017: RMB9,166 thousand) and the weighted average of 432,200,000 ordinary shares (six months ended 30 June 2017: 331,000,000 shares) in issue during the interim period.

The earnings per share calculation above has taken into account of the Share Subdivision described in note 12(b). The Share Subdivision became effective on 16 January 2018, which was immediately prior to the completion of the Global Offering described in note 12(b). Accordingly, the number of ordinary shares in issue has been adjusted retrospectively as if it was effective on 1 January 2017.

There were no dilutive potential ordinary shares for the six months ended 30 June 2018, and therefore, diluted earnings per share is the same as the basic earnings per share.

8 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2018, the Group acquired items of plant and machinery with a cost of RMB431 thousand (six months ended 30 June 2017: RMB469 thousand). No items of plant and machinery were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

(b) Valuation

The valuations of investment properties were updated at 30 June 2018 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the 31 December 2017 valuations.

As a result of the update, a net gain of RMB29,417 thousand (six months ended 30 June 2017: RMB6,718 thousand), and deferred tax thereon of RMB7,354 thousand (six months ended 30 June 2017: RMB1,680 thousand) has been recognised in profit or loss for the period in respect of investment properties.

9 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade debtors based on the date the relevant trade receivables recognised, is as follows:

	At 30 June 2018 *RMB'000*	At 31 December 2017 *RMB'000*
Within 3 months	**5,939**	3,654
3 to 6 months	**2,920**	19
6 to 9 months	**61**	–
Over 1 year	**141**	141
Less: allowance for impairment of trade receivables	**262**	141
Trade debtors, net of loss allowance	**8,799**	3,673
Prepayments	**–**	4,372
Other debtors	**971**	697
Financial assets measured at amortised cost	**9,770**	8,742

As at the end of each reporting date, the ageing of trade receivables (net of allowance for doubtful debts) based on the date the relevant trade receivables recognised are within one year, except for amounts of RMB2,841 thousand that are expected to be recovered after one year as at 30 June 2018.

10 CASH AND CASH EQUIVALENTS

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Bank deposits	**160,555**	42,383
Cash in hand	**46**	52
Cash and cash equivalents in the consolidated statement of financial position and in the consolidated cash flow statement	**160,601**	42,435

11 TRADE AND OTHER PAYABLES/RECEIPTS-IN-ADVANCE/CONTRACT LIABILITIES

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Trade payables	**170**	364
Interest payable	**47**	54
Other taxes and charges payable	**1,103**	931
Rental deposits	**6,075**	5,883
Accrued payroll and other benefits	**575**	1,733
Accrued listing expenses	**5,044**	2,235
Other payables	**859**	1,270
Financial liabilities measured at amortised cost	**13,873**	12,470
Receipts-in-advance *(note)*	**–**	8,327
Contract liabilities *(note)*	**9,051**	–
	22,924	20,797

Note: As a result of the adoption of HKFRS 15, gross amounts due to customers for advances received are included in contract liabilities (see note 2 (b)).

12 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

The directors do not declare any interim dividend in respect of the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

(b) Share capital

	At 30 June 2018		At 31 December 2017	
	No. of shares		No. of shares	
	'000	***US$'000***	*'000*	*US$'000*
Authorised ordinary shares:				
At beginning of the period/year	**40,000**	**40,000**	40,000	40,000
Share Subdivision *(i)*	**360,000**	**–**	–	–
Increase in authorised share capital	**3,600,000**	**360,000**	–	–
At end of the period/year	**4,000,000**	**400,000**	40,000	40,000

	At 30 June 2018		At 31 December 2017	
	No. of shares		No. of shares	
	'000	***RMB'000***	*'000*	*RMB'000*
Ordinary shares, issued and fully paid:				
At beginning of the period/year	**33,100**	**273,975**	33,100	273,975
Share Subdivision *(i)*	**297,900**	**–**	–	–
Issuance of ordinary shares under IPO *(ii)*	**110,400**	**71,067**	–	–
At end of the period/year	**441,400**	**345,042**	33,100	273,975

The holders of ordinary shares are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(i) Pursuant to the shareholders' resolution passed on 15 December 2017, each of the existing issued and unissued ordinary shares with a par value of US$1.00 each in the share capital of the Company was subdivided into 10 ordinary shares with a par value of US$0.10 each so that the authorised share capital of the Company became US$40,000,000 divided into 400,000,000 shares with a par value of US$0.10 each, effective immediately prior to the completion of the Global Offering (the "**Share Subdivision**"), and the total issued share capital was divided into 331,000,000 shares. Subsequent to the Share Subdivision, the authorised share capital of the Company increased from US$40,000,000 divided into 400,000,000 shares of US$0.10 each to US$400,000,000 divided into 4,000,000,000 shares of US$0.10 each. Following the completion of Global Offering completed on 16 January 2018, the total issued share capital of the Company increased to US$44,140,000 divided into 441,400,000 shares.

(ii) Upon completion of the IPO, the Company issued 110,400,000 new shares at par value of US$0.10 each for cash consideration of HK$1.41 each, and raised gross proceeds of approximately HK$155,664 thousand (equivalent to RMB128,065 thousand). The respective share capital amount was RMB71,067 thousand and share premium arising from the issuance was approximately RMB45,293 thousand, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB11,705 thousand were treated as a deduction against the share premium arising from the issuance.

13 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in this interim financial information, other material related party transactions entered by the Group during the interim period are as follows:

	Six months ended 30 June	
	2018	2017
	RMB'000	*RMB'000*
Property leasing income from related parties	**3,127**	3,065
Net advances to/(from) related parties	**3,005**	(3,453)
Expense paid on behalf of the Company by a related party	**–**	1,388

14 COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

15 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2018

A number of amendments and new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. Except for the amendments to HKFRS 9, Prepayment features with negative compensation, which have been adopted at the same time as HKFRS 9, the Group has not early adopted any new or amended standards in preparing this interim financial information.

The Group has the following update to the information provided in the last annual financial statements in respect of HKFRS 16, Leases, which may have impact on the Group's consolidated financial statements.

HKFRS 16, *Leases*

As discussed in the 2017 annual financial statements, currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. Upon the adoption of HKFRS 16, where the Group is the lessee under the lease, the Group will be required to account for all leases in a similar way to current finance lease accounting, i.e. recognise and measure a lease liability at the present value of the minimum future lease payments and recognise a corresponding "right-of-use" asset at the commencement date of the lease, subject to practical expedients. HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for items of property, plant and equipment which are currently classified as operating leases.

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of RMB607 thousand. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Upon the initial adoption of HKFRS 16 at 1 January 2019, the present value of most of the future minimum lease payments that are payable after 6 months will be recognised as lease liabilities, with corresponding right-of-use assets recognised as non-current assets. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16.

BUSINESS REVIEW AND PROSPECTS

Financial Results

For the six months ended 30 June 2018, the Group's revenue and profit attributable to equity shareholders of the Company amounted to approximately RMB31.1 million (six months ended 30 June 2017: approximately RMB32.7 million) and approximately RMB28.9 million (six months ended 30 June 2017: approximately RMB9.2 million) respectively.

Business Review

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

The Group's revenue for the six months ended 30 June 2018 amounted to approximately RMB31.1 million (six months ended 30 June 2017: approximately RMB32.7 million), which represented a decrease of approximately RMB1.6 million compared with last year. Profit attributable to equity shareholders of the Company for the six months ended 30 June 2018 was approximately RMB28.9 million (six months ended 30 June 2017: approximately RMB9.2 million), which represented an increase from last year. The profit increase for the six months ended 30 June 2018 was mainly due to increase in the valuation gains on the investment properties and increase in the rental income from the leasing of investment properties. The basic earnings per share for the six months ended 30 June 2018 was approximately RMB0.07 as compared to basic earnings per share of approximately RMB0.03 for the corresponding period last year.

Property Leasing Business

The rental income from the Group's property leasing business was approximately RMB21.3 million for the six months ended 30 June 2018 (six months ended 30 June 2017: RMB18.6 million). The Group leasing properties are located in Chengdu, Sichuan province, and also own and lease a property located in Kunming, Yunnan province. During the period, the Group's retail units comprised an aggregate gross floor area ("**GFA**") of approximately 91,627.9 sq.m. in the PRC, of which an aggregate GFA of approximately 74,052 sq.m. in the PRC was leased out.

Property Management Service

Revenue from property management services constituted 31.5% of total revenue for the six months ended 30 June 2018 (six months ended 30 June 2017: 31.3%), and decreased by 4% from last corresponding period to RMB9.8 million (six months ended 30 June 2017: RMB10.2 million). During the period, the amount of the property management contracts for which we were newly awarded/renewed was RMB2.6 million. The total GFA under our management increased to approximately 75,555 sq.m., and was 8% more comparing with last corresponding year (six months ended 30 June 2017: 70,274 sq.m.). Although the revenue from our property management services increased in line with the increase in total GFA in the period, provided that the increase was partly offset by the decrease of the value-added property management services income.

Investment Properties

Our investment properties mainly consist of land and/or buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Revenue recognized in this business segment of valuation gain for the six months ended 30 June 2018 amounted to approximately RMB29.4 million (six months ended 30 June 2017: approximately RMB6.7 million), representing an increase of approximately RMB22.7 million over last year.

Other net income increased to RMB0.9 million (six months ended 30 June 2017: RMB0.009 million), of which, the interest income from bank deposits was RMB0.5 million (six months ended 30 June 2017: RMB0.2 million). The increase in interest income from deposits was mainly attributable to the higher level of cash as compared to the last corresponding period.

Prospects

Despite the complicated and volatile global conditions, China continued to sustain stable and positive economic development with a GDP of 6.9% increase against same period in last year, which was slightly above the national annual target. It is expected that the local economy of the PRC will continue to grow steadily, and the official monetary policy will stabilise the exchange rate of Renminbi and the local investment, and the development of high-end service industry in the PRC and the focus on the domestic consumption will drive the growth of demand for office and retail segments.

In China, it is expected that take-up of office market will remain stable in both Chengdu and Kunming downtown area where are bolstered by demand from financial and professional sectors. The rental growth will be constrained due to influx of premier office supply and decentralization of office submarkets. To sustain high occupancy rate and steady recurring revenue, the Group will continue to adopt competitive rental strategies.

The property management sector in China has been afforded ample opportunities for development following the implementation of the "National New-type Urbanisation Plan (2014-2020)" (《國家新型城鎮化規劃 (2014－2020年)》) and the ongoing growth of the nation's property market. The Group will always maintain the advantages of property management service, and compete with the competitors in the market leveraging on quality service and high efficient operation. The Group will commit to develop new business relationships via existing customer base and its own network, to provide strong organic growth for the Group. The gradual improvement and relaxation of relevant policies of the government and the industry, as well as the development towards market-oriented pricing for property services, will further drive the healthy development of the property management sector. The Group will still take the UK as the major overseas investment destination. The Group is identifying properties with attractive net primary yields and stable business leasing for overseas acquisitions, in order to diversify the property mix of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 30 June 2018 was approximately RMB867.0 million (31 December 2017: approximately RMB719.3 million). As at 30 June 2018, the Group maintained cash and cash equivalents of approximately RMB160.6 million (31 December 2017: approximately RMB42.4 million). The Group's net current assets of approximately RMB148.9 million as at 30 June 2018 (31 December 2017: approximately RMB26.3 million). The Group had current assets of approximately RMB179.1 million (31 December 2017: approximately RMB55.0 million). The increase of current assets was mainly due to proceeds from issuance of ordinary shares under IPO. The Group had current liabilities of approximately RMB30.2 million (31 December 2017: approximately RMB28.7 million). The increase of current liabilities was mainly due to increase of accrued listing expenses.

The Group generally finances its operations with internally generated cash flow and bank loans in China. As at 30 June 2018, the Group had outstanding bank loans of approximately RMB29.5 million (31 December 2017: approximately RMB32.5 million). The bank loans as at 30 June 2018 were secured by the Company.

The Group's gearing ratio is measured by the total interest-bearing borrowings divided by total equity and multiplied by 100%. As at 30 June 2018, the Group's gearing ratio was 3.4% (31 December 2017: 4.5%). The Group has implemented certain loan management policies which include close monitoring of the gearing ratio and any changes in interest rates.

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations and bank loans which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed in the reporting period.

To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents considered adequate by its management to finance its operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilization of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

FOREIGN EXCHANGE

The Group's transactions and monetary assets as well as all bank loans 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 fluctuations in currency exchange rates during the reporting period. Therefore, the Group did not engage in any hedging activities.

CONTINGENT LIABILITY

At as 30 June 2018, the Group had no contingent liability (31 December 2017: Nil).

PLEDGE OF ASSETS

As at 30 June 2018, the Group's investment properties with carrying value of approximately RMB336.5 million (31 December 2017: approximately RMB326.1 million), and floating charges over all receipts and receivables from the investment properties owned by the Group, were pledged to secure the Group's banking loans.

DETAILS OF CHARGES ON GROUP ASSETS

Chengdu Everbright International Mansion Co., Ltd (成都國際大厦有限公司), a wholly owned subsidiary of the Group in Chengdu, had a bank loan with Bank of China Co., Ltd. in 2010. The bank loan was secured by an aggregate GFA of approximately 38,082.3 sq.m in the building of Chengdu Everbright International Mansion Co., Ltd. This building was used as collateral to obtain a long-term loan of RMB73.0 million matured on 29 June 2022. As of 30 June 2018, this long-term loan balance was RMB29.5 million.

USE OF NET PROCEEDS FROM THE EQUITY FUND RAISING ACTIVITIES

On 16 January 2018 (the "**Listing Date**"), the shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The use of the net proceeds from the equity fund raising activities during the period after the Listing Date are deposited into interest-bearing bank accounts, the Group considered that it would be in the best interest of the Group without materially impairing its financial capabilities to temporarily utilize such funds by earning interest income in the bank accounts.

EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2018, the Group employed a total of 136 full-time employees (as at 30 June 2017: 134 employees) and appointed 8 Directors. Total staff costs, including Directors' emoluments, of the Group were approximately RMB7.4 million (six months ended 30 June 2017: RMB9.0 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. The Group has established a comprehensive training and cultivation system, providing staff with security through an all-round mechanism as well as resources to support them to understand the Group's strategies, adapt to the corporate culture, enrich their professional knowledge and strengthen their management capability.

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 their adoption or approval.

CORPORATE GOVERNANCE

The Corporate Governance Code (the "**CG Code**") set out in Appendix 14 to the Rules Governing of the Listing of Securities on the Stock Exchange (the "**Listing Rules**") has been duly adopted by the Board as its code for corporate governance practice. The Company has complied with all applicable code provisions of the CG Code set out therein, except for code provision A.2.1 of the CG Code throughout the period from the Listing Date to 30 June 2018.

Pursuant to CG Code provision A.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**") acted as both the chairman and the CEO of the Company since the Listing Date and accordingly, there is no written terms setting out the division of responsibilities between the chairman and chief executive.

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 Company 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, therefore our Directors are of the view that there is a fairly strong independence element in its composition.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 the Directors' securities transactions. Having made specific enquiries to the Directors, all Directors confirmed that they had complied with the required standard of dealings as set out in the Mode Code during the period from the Listing Date to 30 June 2018.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

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

During the period from the Listing Date to 30 June 2018, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, namely Mr. Tsoi David, an independent non-executive Director, Mr. Shek Lai Him Abraham, an independent non-executive Director, and Mr. Li Yinzhong, a non-executive Director. Mr. Tsoi David is the chairman of the Audit Committee. 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 Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2018 and agreed to the accounting principles and practices adopted by the Group.

The unaudited consolidated interim financial information of the Company for the six months ended 30 June 2018 has been reviewed by the Company's external auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity", issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.ebgca.com.hk. The interim report of the Company for the six months ended 30 June 2018 will be available on both websites and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 29 August 2018

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.