

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 2017

The board of directors (the “**Director(s)**”) (the “**Board**”) of Everbright Grand China Assets Limited (the “**Company**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2017 together with the comparative figures for the year ended 31 December 2016.

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2017

(Expressed in Renminbi (RMB))

	<i>Note</i>	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>Revenue</b>	3	<b>66,657</b>	55,936
Cost of sales		<u>(16,089)</u>	<u>(13,909)</u>
<b>Gross profit</b>		<b>50,568</b>	42,027
Valuation gains and net valuation gain on investment properties		<b>18,585</b>	22,673
Other net (losses)/income	4	<b>(225)</b>	289
Distribution costs		<b>(830)</b>	(523)
Administrative expenses		<b>(27,774)</b>	(15,305)
Other operating expenses		<u>(55)</u>	<u>(80)</u>
<b>Profit from operations</b>		<b>40,269</b>	49,081
Finance costs		<u>(2,194)</u>	<u>(3,123)</u>
<b>Profit before taxation</b>	5	<b>38,075</b>	45,958
Income tax	6	<u>(13,809)</u>	<u>(14,444)</u>
<b>Profit for the year</b>		<u><b>24,266</b></u>	<u>31,514</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<u><b>24,266</b></u>	<u>31,514</u>
<b>Earnings per share</b>	7		
Basic and diluted		<u><b>RMB0.07</b></u>	<u>RMB0.10</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

*(Expressed in RMB)*

	<i>Note</i>	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>Profit for the year</b>		<b>24,266</b>	31,514
<b>Other comprehensive income for the year</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of: financial statements of companies outside the People's Republic of China (the "PRC")		<u>(888)</u>	<u>436</u>
<b>Total comprehensive income for the year</b>		<b><u>23,378</u></b>	<b><u>31,950</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b><u>23,378</u></b>	<b><u>31,950</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

*(Expressed in RMB)*

	<i>Note</i>	<b>2017</b> <b>RMB'000</b>	2016 <b>RMB'000</b>
<b>Non-current assets</b>			
Investment properties		<b>876,600</b>	857,113
Property, plant and equipment		<b>3,437</b>	3,813
Deferred tax assets		<b>1,325</b>	1,254
		<u>881,362</u>	<u>862,180</u>
<b>Current assets</b>			
Properties held for sale		<b>3,794</b>	5,536
Trade and other receivables	9	<b>8,742</b>	3,342
Amounts due from a related party		–	2,065
Cash and cash equivalents		<b>42,435</b>	42,693
		<u>54,971</u>	<u>53,636</u>
<b>Current liabilities</b>			
Trade and other payables	10	<b>12,470</b>	6,357
Receipts-in-advance		<b>8,327</b>	8,364
Bank loans	8	<b>6,000</b>	15,313
Current taxation		<b>1,924</b>	4,404
		<u>28,721</u>	<u>34,438</u>
<b>Net current assets</b>		<u>26,250</u>	19,198
<b>Total assets less current liabilities</b>		<u>907,612</u>	881,378
<b>Non-current liabilities</b>			
Bank loans	8	<b>26,500</b>	32,500
Deferred tax liabilities		<b>161,847</b>	152,991
		<u>188,347</u>	185,491
<b>NET ASSETS</b>		<u>719,265</u>	695,887
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>273,975</b>	273,975
Reserves		<b>445,290</b>	421,912
<b>TOTAL EQUITY</b>		<u>719,265</u>	695,887

## NOTES

### 1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis except for investment properties which are stated at its fair value. The consolidated financial statements are presented in RMB, rounded to the nearest thousand, unless otherwise indicated.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 2. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issuance of these financial statements, the HKICPA has issued the following amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been early adopted by the Group.

	<b>Effective for accounting periods beginning on or after</b>
HKFRS 2 (Amendment), Classification and Measurement of Share-based Payment Transactions	1 January 2018
HKFRS 4(Amendment), Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts	1 January 2018
HKFRS 40(Amendments), Transfers of investment property	1 January 2018
HKFRS 15, Revenue from contracts with customers	1 January 2018
HKFRS 9, Financial instruments	1 January 2018
HK(IFRIC) 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements 2014-2016 Cycle, Amendments to a number of HKFRSs	1 January 2018
Annual Improvements 2015-2017 Cycle, Amendments to a number of HKFRSs	1 January 2019
HKFRS 9(Amendments), Prepayment features with negative compensation	1 January 2019
HKFRS 16, Leases	1 January 2019
HK(IFRIC) 23 Uncertainty over Income Tax Treatments	1 January 2019
HKAS 28(Amendments), Long-term interest in associates and joint ventures	1 January 2019
HKFRS 10 and HKAS 28(Amendment) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17, Insurance contracts	1 January 2021

### 3. 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:

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Property leasing	<b>39,512</b>	36,935
Provision of property management services	<b>20,446</b>	19,001
Sales of properties held for sale	<b>6,699</b>	—
	<b>66,657</b>	<b>55,936</b>

The Group's customer base is diversified and includes three customers with whom transactions have exceeded 10% of the Group's revenues for the year ended 31 December 2017 (2016: three customers). Revenues from these customers amounted to approximately RMB 24,328 thousand in 2017 (2016: RMB 22,503 thousand).

### 4. OTHER NET (LOSSES)/INCOME

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest income from bank deposits	<b>233</b>	330
Net foreign exchange losses	<b>(564)</b>	(135)
Others	<b>106</b>	94
	<b>(225)</b>	<b>289</b>

## 5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest expenses on bank loans	<u>2,194</u>	<u>3,123</u>
	<b>2017</b> <i>RMB'000</i>	<b>2016</b> <i>RMB'000</i>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	15,338	13,501
Contributions to defined contribution retirement plan	<u>1,421</u>	<u>1,204</u>
	<u><b>16,759</b></u>	<u>14,705</u>
Included in:		
Cost of sales	7,342	6,148
Administrative expenses	8,975	8,267
Distribution costs	<u>442</u>	<u>290</u>
	<u><b>16,759</b></u>	<u>14,705</u>
	<b>2017</b> <i>RMB'000</i>	<b>2016</b> <i>RMB'000</i>
<b>(c) Other items</b>		
Cost of properties held for sale sold	1,817	–
Depreciation	380	456
Auditor's remuneration		
– audit service	728	875
Listing expenses	<u>13,392</u>	<u>3,040</u>

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions as described above.

## 6. INCOME TAX

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>Current tax</b>		
PRC Corporate Income Tax (“CIT”)	3,756	3,173
PRC Land Appreciation Tax (“LAT”)	472	-
Withholding tax	<u>796</u>	<u>811</u>
	5,024	3,984
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>8,785</u>	<u>10,460</u>
	<u><b>13,809</b></u>	<u><b>14,444</b></u>
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Profit before taxation	38,075	45,958
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	12,467	13,457
Tax effect of non-deductible expenses	21	21
Utilisation of tax effect of deductible temporary difference not recognised	(295)	-
Tax effect of deductible temporary difference not recognised	-	42
Tax effect of unused tax losses not recognised	-	113
Utilisation of tax losses previously not recognised	(259)	-
Withholding tax on distributed earnings and earnings to be distributed in the foreseeable future	1,057	664
Withholding tax for interest charges between PRC subsidiaries and non-PRC subsidiaries	464	147
LAT	472	-
Tax effect on LAT	<u>(118)</u>	<u>-</u>
Actual tax expense	<u><b>13,809</b></u>	<u><b>14,444</b></u>

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Island and BVI.

The income tax rate applicable to Group entities incorporated in Hong Kong, for the income subject to Hong Kong Profits Tax for the year ended 31 December 2017 is 16.5% (2016:16.5%). No provision for Hong Kong Profits Tax has been made as the Group did not earn any income subject to Hong Kong Profits Tax for the year ended 31 December 2017 (2016: nil).

According to the notice of taxation from relevant tax authorities, Brighter Win Limited's ("Brighter Win") PRC branch is determined as a body that substantially carries out comprehensive management and control on the branch's business operation, employees, accounts and assets of the branch within the PRC. Accordingly, Brighter Win's PRC branch is subject to PRC corporate income tax at the rate of 25% on the taxable income.

## 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 RMB 24,266 thousand (2016: RMB 31,514 thousand), and 331,000,000 ordinary shares in issue during 2017 (2016: 331,000,000 shares) in 2017.

The earnings per share calculation above has taken into account of the share subdivision of the Company. The Share Subdivision became effective on 16 January 2018, which was immediately prior to the completion of the Global Offering. Accordingly, the number of ordinary shares in issue has been adjusted retrospectively as if it was effective on 1 January 2016.

There were no dilutive potential ordinary shares for the year ended 31 December 2017, and therefore, diluted earnings per share are the same as the basic earnings per share.

## 8. BANK LOANS

At 31 December 2017, the bank loans were repayable as follows:

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Bank loans – secured		
– Within 1 year or on demand	6,000	15,313
– After 1 year but within 2 years	6,000	6,000
– After 2 years but within 5 years	20,500	19,500
– After 5 years	–	7,000
	<u>26,500</u>	<u>32,500</u>
	<u>32,500</u>	<u>47,813</u>

Pursuant to the loan framework agreement with China Everbright Bank Co., Ltd., Hong Kong Branch, the undrawn banking facilities of the Group amounted to HKD 300,000 thousand (equivalent to RMB 253,731 thousand) as at 31 December 2017.

The effective interest rates of bank loans of the Group as at 31 December 2017 were 5.15% (2016: 5.15% to 5.67%) per annum.



Secured bank loan with a carrying value of RMB 32,500 thousand as at 31 December 2017 (2016 : RMB 47,813 thousand) were secured by investment properties with an aggregated carrying amount of RMB 326,086 thousand (2016:RMB 653,873 thousand) owned by the Group respectively and floating charges over all receipts and receivables from the investment properties owned by Everbright Financial Centre.

## 9. TRADE AND OTHER RECEIVABLES

### Trade and other receivables

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade receivables (i)	<b>3,814</b>	2,974
Less: allowance for impairment of trade receivables	<u>(141)</u>	<u>(141)</u>
	<b>3,673</b>	2,833
Prepayments (ii)	<b>4,372</b>	-
Other receivables	<u>697</u>	<u>509</u>
	<u><b>8,742</b></u>	<u>3,342</u>

(i) Trade receivables are primarily related to revenue recognised from the provision of property leasing and management services.

(ii) As at 31 December 2017, prepayments mainly represent listing expenses prepaid by the Company.

#### (a) Ageing analysis

As at the end of each annual reporting date, the ageing of trade receivables (net of allowance for doubtful debts) based on the date the relevant trade recognised are within one year, except for amounts of RMB2,701 thousand that are expected to be recovered after one year as at 31 December 2017.

Trade debtors are due pursuant to the terms of the agreements.

#### (b) Impairment of trade debtors

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for impairment loss of trade receivables during the year is as follows:

	<b>2017</b> <i>RMB'000</i>	2016 <i>RMB'000</i>
At 1 January and 31 December	<u><b>141</b></u>	<u>141</u>

At 31 December 2017, trade debtors of RMB141 thousand (2016: RMB141 thousand) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed that none of the receivables is expected to be recovered.

(c) *Trade receivable that are not impaired*

The ageing analysis of trade receivable that are neither individually nor collectively considered to be impaired are as follows:

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Neither past due nor impaired	3,413	2,661
Less than one year past due	<u>260</u>	<u>172</u>
	<u><u>3,673</u></u>	<u><u>2,833</u></u>

**10. TRADE AND OTHER PAYABLES**

	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Trade payables	364	328
Interest payable	54	74
Other taxes and charges payable	931	597
Deposits (i)	5,883	4,321
Accrued payroll and other benefits	1,733	53
Accrued listing expenses	2,235	-
Other payables	<u>1,270</u>	<u>984</u>
	<u><u>12,470</u></u>	<u><u>6,357</u></u>

(i) Deposits represent rental deposits received from tenants during the leasing period.

**11. SUBSEQUENT EVENTS**

On 16 January 2018, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with the global offering of ordinary shares of US\$0.1 each of the Company, at a price of HKD1.41 per share (“**Global Offering**”). The net proceeds from the Global Offering amounted to HKD 113.7 million, equivalent to RMB 98.9 million (after deducting the underwriting fees and commissions and estimated expenses in relation to the Global Offering paid and payable by the Company), were received on the same date.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Result

For the financial year ended 31 December 2017, the Group's revenue and profit attributable to owners of the Company amounted to approximately RMB 66.7 million (2016: approximately RMB 55.9 million) and approximately RMB 24.3 million (2016: approximately RMB 31.5 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 year ended 31 December 2017 amounted to approximately RMB66.7 million (2016: approximately RMB55.9 million), which represented a notable increase of approximately RMB10.8 million compared with last year. Profit attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB24.3 million (2016: approximately RMB31.5 million), which represented a decrease from last year. This year, the profit decreases for the year ended 31 December 2017 was mainly due to the non-recurring listing expenses of approximately RMB13.4 million (2016: 3.0 million) incurred by the Group in relation to the listing of the Company's shares on the Main Board of the Stock Exchange (the "**Listing**") The basic earnings per share for the year ended 31 December 2017 was approximately RMB0.07 as compared to basic earnings per share of approximately RMB0.10 for the corresponding period last year.

On 16 January 2018 (the "**Listing Date**"), the shares of the Company were listed on the Main Board of the Stock Exchange.

### Property Leasing Business

The leasing fee income from the Group's property leasing business was approximately RMB39.5 million for the year ended 31 December 2017 (2016: RMB36.9 million). The Group leasing properties are located in Chengdu, Sichuan province, and also own and lease a property located in Kunming, Yunnan province. As of 31 December 2017, the Group's retail units comprised an aggregate GFA of approximately 91,627.9 sq.m. in the PRC, of which an aggregate GFA of approximately 70,333 sq.m. in the PRC were leased out.

### Property Management Service

Revenue from property management services constituted 30.7% of total revenue for the year ended 31 December 2017 (2016: 34.0%), and increased by 7.4% from last corresponding period to RMB20.4 million (2016: RMB19.0 million). During the year ended 31 December 2017, we increased our total GFA under management by approximately 52,236 sq.m. as at 31 December 2017, and was 1.2% more comparing with the end of last corresponding year (2016: 51,632 sq.m.). The increase in revenue from property management services was partly offset by the extension of the pilot programme of replacing business tax with value-added tax to the domestic services industry in the PRC.

## **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 during the year ended 31 December 2017 amounted to approximately RMB18.6 million (2016: approximately RMB22.7 million), representing a decrease of approximately RMB4.1 million over last year.

## **Prospects**

It is anticipated that the local economy of China will continue to grow in steady pace and that the official monetary policy will stabilize exchange rate of RMB and local investments, whereas the official national development of high-end service industry and focus on domestic consumption will sustain leasing demand of office and retail sectors.

In China, it is expected that take-up of office market will remain stable in both Chengdu and Kunming downtown area and as financial hub and 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.

## **Liquidity and Financial Resources**

The total equity of the Group as at 31 December 2017 was approximately RMB719.3 million (31 December 2016: approximately RMB695.9 million). As at 31 December 2017, the Group maintained cash and cash equivalents of approximately RMB42.4 million (31 December 2016: approximately RMB42.7 million). The Group's net current assets of approximately RMB26.3 million as at 31 December 2017 (31 December 2016: approximately RMB19.2 million). The Group had current assets of approximately RMB55.0 million (31 December 2016: approximately RMB53.6 million). The increase of current assets was mainly due to increase prepayment of listing expenses. The Group had current liabilities of approximately RMB28.7 million (31 December 2016: approximately RMB34.4 million). The decrease of current liabilities were mainly due to repayment of certain bank loan a decrease in an interest rate resulting from an adjustment in the PBOC benchmark interest rate.

The Group generally finances its operations with internally generated cash flow and bank loans in China. As at 31 December 2017, the Group had outstanding bank loans of approximately RMB32.5 million (31 December 2016: approximately RMB47.8 million). The bank loans as at 31 December 2017 were secured by the Company.

The Group's gearing ratio (the total interest-bearing borrowings divided by total equity and multiplied by 100%) decreased from 6.87% as at 31 December 2016 to 4.52% as at 31 December 2017 due to the repayment of certain bank loans.

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank loans and cash proceeds received in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed in the Year.

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 are principally denominated in RMB, while all bank loans are also 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 year ended 31 December 2017. Therefore, the Group did not engage in any hedging activities.

### **Pledge of Assets**

As at 31 December 2017, the Group's investment properties with carrying value of approximately RMB326.1 million (31 December 2016: approximately RMB653.9 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.

### **Employees and Emolument Policy**

As at 31 December 2017, the Group employed a total of 156 full-time employees (2016: 186 employees) and appointed 8 directors. Total staff costs, including Directors' emoluments, of the Group were approximately RMB16.8 million (2016: RMB14.7 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, year-end bonuses are offered to staff with outstanding performance. A share option scheme has not been adopted during the year.

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

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

## **ANNUAL GENERAL MEETING**

The 2018 annual general meeting (“**AGM**”) of the Company will be held on 22 June 2018. The notice of the AGM will be published and dispatched 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 Directors did not recommend the declaration of final dividend for the year ended 31 December 2017 (2016: nil).

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 19 June 2018 to Friday, 22 June 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all completed transfer from accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 15 June 2018.

## **PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **CORPORATE GOVERNANCE**

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

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

The roles of the chairman and the 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 since the Listing Date.

Our Directors consider that vesting the roles of the chairman of the Board and the CEO of the Company in Mr. Liu is beneficial to the management and business development of the Group and will provide strong and consistent leadership to the Group.

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

## **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 Code of Conduct and the Model Code since the Listing Date and up to the date of this announcement.

## **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. Li Yinzhong. 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 audited consolidated financial statements of the Group for the year ended 31 December 2017 have been reviewed by the Audit Committee.

## **SCOPE OF WORK OF MESSRS. KPMG**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary results announcement have been compared by the Group’s auditor, Messrs. KPMG, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Messrs. KPMG 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. KPMG 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](http://www.hkexnews.hk) and the Company's website at [www.ebgca.com.hk](http://www.ebgca.com.hk). The annual report of the Company for the year ended 31 December 2017 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, 23 March 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 Yinzong 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.*