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(Incorporated in Hong Kong with limited liability)

(Stock Code: 21)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

The Board of Directors (the “Board”) of Great China Properties Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2021 together with the comparative figures for the corresponding year in 2020 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
REVENUE	7	10,018	47,316
Cost of sales and services		<u>(4,890)</u>	<u>(32,609)</u>
Gross profit		5,128	14,707
Other income and gains	7	507	830
Selling and distribution expenses		(2,737)	(1,409)
Administrative and operating expenses		(22,916)	(37,278)
Foreign exchange loss, net		(27,800)	(62,258)
Finance costs	8	(64)	(141)
Fair value gain on investment properties, net		<u>–</u>	<u>4,394</u>
LOSS BEFORE TAX	9	(47,882)	(81,155)
Income tax credit (expense)	10	<u>209</u>	<u>(1,324)</u>
LOSS FOR THE YEAR		<u>(47,673)</u>	<u>(82,479)</u>

	2021	2020
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
OTHER COMPREHENSIVE INCOME FOR THE YEAR		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>54,631</u>	<u>124,548</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>6,958</u>	<u>42,069</u>
LOSS FOR THE YEAR ATTRIBUTABLE TO:		
– Owners of the Company	(47,673)	(82,479)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>(47,673)</u>	<u>(82,479)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:		
– Owners of the Company	6,958	42,069
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>6,958</u>	<u>42,069</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Basic and diluted	12 <u>(HK1.20 cents)</u>	<u>(HK2.07 cents)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021	2020
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		197,729	190,184
Right-of-use assets		1,373	1,420
Investment properties		250,428	243,236
Goodwill		220,528	214,629
Interests in associates		–	–
Loan receivable from an associate, net		145,262	141,397
Properties under development		657,289	635,514
		<hr/>	<hr/>
Total non-current assets		1,472,609	1,426,380
CURRENT ASSETS			
Properties held for sale		843,907	791,632
Trade receivables	<i>13</i>	773	500
Prepayments, deposits and other receivables		23,138	22,247
Cash and bank balances		22,271	19,174
		<hr/>	<hr/>
Total current assets		890,089	833,553
CURRENT LIABILITIES			
Trade payables	<i>14</i>	48,382	23,850
Other payables and accruals		119,693	113,698
Lease liabilities		1,389	1,439
Amounts due to related companies		158,107	148,061
Amounts due to substantial shareholders		862,696	812,035
Tax payable		614	598
		<hr/>	<hr/>
Total current liabilities		1,190,881	1,099,681
NET CURRENT LIABILITIES		(300,792)	(266,128)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,171,817	1,160,252
		<hr/>	<hr/>

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>180,794</u>	<u>176,187</u>
Net assets	<u>991,023</u>	<u>984,065</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	983,266	983,266
Other reserves	<u>7,744</u>	<u>786</u>
	991,010	984,052
Non-controlling interests	<u>13</u>	<u>13</u>
Total Equity	<u>991,023</u>	<u>984,065</u>

NOTES:

Year ended 31 December 2021

1. CORPORATE INFORMATION

Great China Properties Holdings Limited (the “Company”) is a limited liability company incorporated in Hong Kong. Its registered office is located at Room 6668, 66/F., The Center, 99 Queen’s Road Central, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property development and investment.

2. BASIS OF PREPARATION

The Group had net current liabilities of HK\$300,792,000 at 31 December 2021 and net cash used in operating activities of HK\$26,387,000 for the year ended 31 December 2021. Notwithstanding of the above, the directors consider the going concern basis of preparation of the consolidated financial statements is appropriate after taking into consideration of the following:

- (a) The Group is able to generate operating profits and cash inflows from future sales of properties; and
- (b) A substantial shareholder has confirmed that he will provide financial support to the Group to meet its financial obligations as they fall due, if required, including not to demand repayment of the amounts due to him and companies controlled by him in aggregate of HK\$1,002,778,000 until the Group is in a position to do so.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise; and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong and the Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value as explained in the accounting policies set out below. The consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except where otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of 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 Company 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 subsidiaries 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 as stated below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- the Group’s voting rights and potential voting rights.

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

3. CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised HKFRSs issued by the HKCPA, which are relevant to the Group and effective for the annual period beginning on 1 January 2021, and which the Group elected to early adopt in the current year:

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021

Amendments to HKAS 39, HKFRSs 4, 7, 9 and 16: Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “Reform”). The amendments complement those issued in November 2019 and relate to:

- changes to contractual cash flows— a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting— a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures— a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to COVID-19-related rent concessions that reduce lease payments due on or before 30 June 2022. The amendments do not affect lessors.

These amendments shall be applied for annual periods beginning on or after 1 April 2021 with earlier application permitted. The Group has elected to early adopt the amendments in the current year. In accordance with the transition provisions therein, the amendments have been applied retrospectively by the Group recognising the cumulative effect of initially applying the amendments as an adjustment to the opening balance of accumulated losses (or other component of equity, as appropriate) and therefore the comparative information has not been restated.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

4. NEW AND REVISED HKFRSs NOT YET ADOPTED

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 16	Proceeds before Intended Use ¹
Amendments to HKAS 37	Cost of Fulfilling a Contract ¹
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Annual Improvements to HKFRSs	2018–2020 Cycle ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to HKAS 1	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
HKFRS 17	Insurance Contracts ²
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ The effective date to be determined

The directors of the Company do not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial performance and financial position of the Group.

5. PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The financial information relating to the years ended 31 December 2021 and 2020 included in this preliminary announcement of 2021 annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company had delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The financial statements for the year ended 31 December 2021 have yet to be reported by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company's auditor had reported the financial statements of the Group for the year ended 31 December 2020. The auditor's report was not qualified or otherwise modified; did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying the reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

6. OPERATING SEGMENT INFORMATION

The Group has a single reportable segment based on the location of the operations, which is property development and investment located in the People's Republic of China (the "PRC"). Information reported to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about major customers

Rental income of HK\$2,966,000 (2020: HK\$3,134,000) was derived from the Group's two largest customers.

7. REVENUE AND OTHER INCOME AND GAINS

An analysis of revenue and other income and gains is as follows:

	2021	2020
	HK\$'000	HK\$'000
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	4,733	41,707
Property management income	1,574	1,574
	6,307	43,281
Revenue from other sources:		
Gross rental income	3,711	4,035
Total revenue	10,018	47,316
Other income and gains:		
Bank interest income	133	91
Others	374	739
	507	830

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Sales of properties	Property management income	Total
	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2021			
Timing of revenue recognition:			
– At a point in time	4,733	–	4,733
– Over time	–	1,574	1,574
	4,733	1,574	6,307
Year ended 31 December 2020			
Timing of revenue recognition:			
– At a point in time	41,707	–	41,707
– Over time	–	1,574	1,574
	41,707	1,574	43,281

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Finance charges on lease liabilities	<u>64</u>	<u>141</u>

9. LOSS BEFORE TAX

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including directors' remuneration)		
Salaries and wages	12,516	13,864
Pension scheme contributions	<u>1,082</u>	<u>626</u>
	<u>13,598</u>	<u>14,490</u>
Cost of properties sold	3,869	31,656
Depreciation of property, plant and equipment	467	663
Depreciation of right-of-use assets	2,432	3,021
Auditor's remuneration	850	850
Direct operating expenses arising from investment properties that generated rental income	563	513
Provision for a legal claim (included in "Administrative and operating expenses") (<i>Note 9(a)</i>)	–	15,788
Fair value gain on investment properties, net	–	(4,394)
Loss on disposal of property, plant and equipment	–	12
Gain on termination of leases	–	(106)

9(a) Provision for a Legal Claim

In 2020, a constructor of 汕尾大中華國際實業有限公司 ("Shanwei GCI"), a subsidiary of the Company, submitted an application for civil case proceedings at Shanwei Intermediate People's Court (the "Court") for termination of a construction agreement ("Construction Agreement") and claiming approximately RMB48,457,000 (equivalent to approximately HK\$59,336,000) for outstanding construction costs with accrued interests (the "Outstanding Construction Cost"), losses due to the cessation of the construction and potential profits from the remaining construction work in accordance with the Construction Agreement. A land held by Shanwei GCI was seized by the Court due to the litigation. Based on the legal opinion of the Group's lawyer in the PRC, the directors of the Company are of the opinion that an outflow of economic benefits may be required only for the Outstanding Construction Cost. Therefore, a provision for corresponding claim of approximately RMB14,036,000 (equivalent to approximately HK\$15,788,000) was provided in profit or loss during the year ended 31 December 2020. Since there was no material update for the legal claim, no further provision is recognised for the year ended 31 December 2021.

10. INCOME TAX (CREDIT) EXPENSE

No provision for Hong Kong profits tax has been made as the Group incurred a loss for taxation purposes during the years ended 31 December 2021 and 2020.

The Group's entities established in the PRC are subject to Enterprise Income Tax ("EIT") of the PRC at a statutory rate of 25% for the years ended 31 December 2021 and 2020. For the year ended 31 December 2021, EIT has not been provided as the Group incurred a loss for taxation purpose. For the year ended 31 December 2020, EIT has been provided for the year based on the estimated assessable profits.

The PRC land appreciation tax ("LAT") was provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	2021	2020
	HK\$'000	HK\$'000
Deferred tax credited to profit or loss	(209)	(247)
EIT in the PRC	–	319
LAT in the PRC	–	1,252
	<u> </u>	<u> </u>
Total tax (credit) expense for the year	<u>(209)</u>	<u>1,324</u>

A reconciliation of the tax (credit) expense to loss before tax at the statutory rates of the countries/ jurisdiction in which the Company and the majority of its subsidiaries are domiciled is as follows:

	2021	2020
	HK\$'000	HK\$'000
Loss before tax	<u>(47,882)</u>	<u>(81,155)</u>
Tax at the statutory tax rate applicable to profits in respective countries	(9,236)	(14,549)
Income not subject to tax	(929)	(1,468)
Expenses not deductible for tax	6,205	16,566
Tax losses not recognised	3,003	1,867
LAT	–	1,252
Utilisation of previously unrecognised tax losses	(102)	(2,194)
Others	850	(150)
	<u> </u>	<u> </u>
Income tax (credit) expense	<u>(209)</u>	<u>1,324</u>

11. DIVIDEND

The board of directors does not recommend the payment of any dividend for the years ended 31 December 2021 and 2020.

12. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted loss per share is based on the following data:

	2021	2020
Loss for the year attributable to owners of the Company (<i>HK\$ million</i>)	(47.67)	(82.48)
Weighted average number of ordinary shares (<i>Million</i>)	3,975	3,975
Basic and diluted loss per share (<i>HK cents per share</i>)	(1.20)	(2.07)

Diluted loss per share is the same as the basic loss per share as the Company's share options have no dilutive effect for the years ended 31 December 2021 and 2020 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for the years.

13. TRADE RECEIVABLES

Trade receivables mainly represent sale proceeds in respect of sold properties and property management fee receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of sale and purchase agreements. Rental in respect of leased properties is payable in advance by the tenants pursuant to the terms of the tenancy agreements. Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a certain number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured. The carrying amounts of the trade receivables approximate to their fair values.

An ageing analysis of the trade receivables at the end of the reporting period, based on the invoice date, is as follows:

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	133	57
31 to 60 days	61	27
61 to 90 days	61	64
Over 90 days	518	352
	773	500

The amount of trade receivables that were past due but not impaired is the same as the above ageing analysis of trade receivables.

Receivables that were past due but not impaired relate to a number of diversified customers. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group applies the simplified approach to provide for expected credit loss (“ECL”) prescribed by HKFRS 9. To measure ECL, trade receivables have been grouped based on shared credit risk characteristics which is the days past due. Expected loss rate of the overall trade receivables is assessed to be 0.1%. Based on evaluation on expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered immaterial and therefore there has not been a provision of loss allowance.

14. TRADE PAYABLES

An ageing analysis of the trade creditors at the end of the reporting period, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Within 30 days	25,720	2,313
31 to 60 days	–	622
61 to 90 days	23	25
Over 90 days	22,639	20,890
	<hr/> 48,382 <hr/>	<hr/> 23,850 <hr/>

RESULTS

For the year ended 31 December 2021, the Group recorded a turnover of approximately HK\$10.02 million, representing a decrease of approximately 78.83% as compared to the turnover of approximately HK\$47.32 million for last year. The decrease in turnover was mainly resulted from the decrease in areas delivered in the sales of properties.

Loss attributable to owners of the Company amounted to HK\$47.67 million for the year ended 31 December 2021 compared to a loss attributable to the owners of Company of approximately HK\$82.48 million for last year. This was mainly due to decrease in exchange loss arising from the translation of the Group's financial liabilities.

BUSINESS REVIEW

Property Development and Investment Business

The Gold Coast Project

The Company, through its indirect wholly-owned PRC subsidiary, owns a resort located in Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC (the "Gold Coast Resort"). Gold Coast Resort is expected to be developed into a tourism property project, which will comprise various single-storey villas, five-star hotels and marina club facilities etc. The construction of Gold Coast Resort has commenced.

The Tanghai County Project

The Group has acquired 99.99% of equity interest of 唐山市曹妃甸區中泰信和房地產開發有限公司 (Tangshan Caofeidian Zhongtai Xinxhe Real Estate Company Limited*) ("Tangshan Caofeidian") ("Tanghai Acquisition") in January 2013, the major asset of which consists of the right of use of 唐海縣七農場通港水庫內側2號及3號島 (Nos. 2 and 3 Island inside Tonggang Reservoir of the Seventh Farm in Tanghai Province*).

The Group has paid a total sum of approximately RMB92,490,000 as consideration of the Tanghai Acquisition. The vendors of Tangshan Caofeidian are subject to pay the PRC individual income tax derived from the transfer of the equity interest of Tangshan Caofeidian. As at the date of completion of the Tanghai Acquisition, such PRC individual income tax had not been settled. It was agreed by the vendors that they will not require the Company to pay the remaining portion of the consideration of RMB12,000,000 until the outstanding PRC individual income tax is settled by them.

The Group has appointed several external firms to conduct reconnaissance and began designing work. As at the date of this announcement, the Group is at the preliminary stage to plan and design the ecological leisure living area or resort area.

The Daya Bay Project

The Company, through its indirect wholly-owned PRC subsidiary, owns 東方新天地大廈 (Eastern New World Square*), which is a comprehensive property development project with a total gross floor area of approximately 69,171.7 sq.m. located at No.1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC. During the year ended 31 December 2021, rental income of approximately HK\$3.71 million from commercial outlets and car park of Eastern New World Square (2020: approximately HK\$4.04 million) and proceeds from the sales of Eastern New World Square of approximately HK\$0.40 million (2020: Nil) were recognised as revenue.

The Shanwei Projects

On 16 October 2013, the Group completed the acquisition of Jin Bao Cheng Project and Hong Hai Bay Project through a wholly-owned subsidiary of the Company from Mr. Huang Shih Tsai, the chairman and executive director of the Company. The details of Jin Bao Cheng Project and Hong Hai Bay Project are set out as below:

(1) Jin Bao Cheng Project

Jin Bao Cheng Project contains two parcels of land located on 中國廣東省汕尾市區汕尾大道 (Shanwei Main Road, Shanwei City, Guangdong Province, the PRC*), with a total site area of approximately 50,656 sq.m. and three 12-storey close to completion residential blocks erected thereon, among which, (a) one parcel of land is located at the vicinity of 汕尾大道香洲頭地段西側與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Xiangzhoutou Section and Honghai Main Road*), and (b) one parcel of land is located at the vicinity of 汕尾大道荷包嶺段西側實力汽車修配廠後面與紅海大道交界口 (the junction of the western side of Shanwei Main Road, Hebaoling Section, behind the Shili Car Repair Factory and Honghai Main Road*).

Jin Bao Cheng Project is a residential and commercial complex. Sales and pre-sales of phase 1, phase 2 and phase 3 of the residential portion of Jin Bao Cheng Project was commenced. Proceeds from the sales of Jin Bao Cheng Project of approximately HK\$4.24 million was recognised as revenue for the year ended 31 December 2021 (2020: approximately HK\$41.71 million) and approximately HK\$53.13 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities as at 31 December 2021 (31 December 2020: approximately HK\$48.57 million).

(2) Hong Hai Bay Project

Hong Hai Bay Project contains four parcels of land located at the vicinity of the junction of No. S241 Province Road and No. X141 County Road Shanwei City, Guangdong Province, the PRC with a total site area of approximately 273,534.2 sq.m., among which, (a) one parcel of land is located on 遮浪南澳旅遊區「湖仔山」東側 (the east of Wuzishan, Zhelang Nanao Tourist Area*), (b) one parcel of land is located on 遮浪街道宮前南澳路東 (Gongqian Nanao Road East, Zhelangjiedao*); and (c) two parcels of land are located on 遮浪街道南澳旅遊區灣灘坑 (Wantankeng, Zhelangjiedao Nanao Tourist Area*).

It is the Board's current intention to develop Hong Hai Bay Project into a tourist and entertainment complex with residential development with a total gross floor area of approximately 720,000 sq.m..

In 2020, 中建二局第三建築工程有限公司 (the "Contractor"), a contractor of the Hong Hai Bay Project, had filed a civil suit to Shanwei Intermediate People's Court(汕尾市中級人民法院) (the "Court") against the Group for terminating the construction agreements entered with the Group and claim for a total amount of approximately RMB48.5 million, comprising the alleged incurred construction cost and the related interest of approximately RMB15.8 million, the potential profit of the remaining work under the construction agreement of approximately RMB12.7 million and the idle time cost of approximately RMB20.0 million. One of the land parcels of Hong Hai Bay Project was seized by the Court. With reference to a legal opinion from the PRC lawyer, the Group may be liable for paying the outstanding construction cost that actually incurred which shall be determined by the Court in accordance with evidence submitted by both parties but not the amount claimed by the Constructor which has no reasonable ground. Also, Shanwei GCI is still entitled to the ownership of the seized land. Notwithstanding the above, with best and conservative estimation by the management, the Company provide in profit or loss of approximately RMB14.0 million (equivalent to approximately HK\$15.8 million) claimed by the Constructor for the alleged outstanding construction cost during the year ended 31 December 2020. No additional provision is recognised for the year ended 31 December 2021 as there was no material update for the legal claim during the year. Since the proceeding is at an early stage, the Board considers that, apart from the outstanding construction cost incurred, it is not practical to assess its potential impact on the Company at the moment. In any event, the proceeding will not affect the normal operation of the Group. The Company shall update the shareholders about the proceeding as and when appropriate.

The Heqing Project

On 16 December 2013, the Company and its wholly owned subsidiary, Great China Properties (Shanghai) Limited, entered into a cooperation agreement with Greenland Hong Kong Holdings Limited (“Greenland HK”) and its subsidiaries, pursuant to which the parties to the cooperation agreement conditionally agree to jointly develop the two parcels of land located in Shanghai, the PRC (the “Land”), among which one parcel of land with boundaries East to land with Lot No. 13-02, West to Qingli Road, South to land with Lot No.13-02, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC* (上海浦東新區合慶鎮，四至範圍東至13-02地塊，西至上海市慶利路，南至13-02地塊，北至上海市環慶南路); and (b) one parcel of land with boundaries East to land with Lot No. 14-03, West to Lingyang Road, South to land with Lot No. 14-03, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC* (上海浦東新區合慶鎮，四至範圍東至14-03地塊，西至上海市凌楊路，南至14-03地塊，北至上海市環慶南路). The Land is used for commercial and office purposes.

On 10 January 2014, all the conditions precedent under the cooperation agreement had been satisfied and completion took place on the same date. Upon completion, each of the Company and Greenland HK holds a 50% stake in the project. The investment has been accounted for as interest in an associate using the equity method from the date of completion and loan receivable from an associate. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014. Development of the Heqing Project were completed.

BUSINESS OUTLOOK

The pandemic has resulted in an extremely complicated external environment with lots of uncertainties in recent years. It has put forward higher requirements for the Company in terms of its future strategy planning. Despite the challenges, the Group's business and future strategy will continue to be focusing on mid-end and high-end commercial and tourism property development and investment. The Group will regularly review and adjust its development and sales schedule in accordance with the market conditions and the overall environment. Riding on its solid foundation, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as gradually diversify its income source.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2021, bank balances and cash of the Group amounted to approximately HK\$22.27 million (31 December 2020: HK\$19.17 million). The Group's total current assets as at 31 December 2021 amounted to approximately HK\$890.09 million, which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables, cash and bank balances. The Group's total current liabilities as at 31 December 2021 amounted to approximately HK\$1,190.88 million, which comprised trade payables, other payables and accruals, lease liabilities, amounts due to related companies, amounts due to substantial shareholders and tax payable.

As at 31 December 2021, the Group's gearing ratio, defined as lease liabilities divided by total equity, was approximately 0.14% (31 December 2020: 0.15%).

CAPITAL COMMITMENT

As at 31 December 2021, the Group had a total capital commitment of approximately HK\$407.56 million, contracted for but not provided in the consolidated financial statements, which comprised (i) approximately HK\$173.68 million in respect of the construction and development of properties and (ii) approximately HK\$233.88 million in respect of the loan contributions payable to an associate.

EXCHANGE RATES EXPOSURE

The Group derives its turnover, makes purchases and incurs expenses denominated mainly in RMB and HK\$. The majority of assets and liabilities are denominated in RMB and HK\$ and there are no significant assets and liabilities denominated in other currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or RMB may have an impact on the operating results of the Group. The exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group has contingent liabilities of approximately HK\$1.53 million (31 December 2020: HK\$2.31 million) of which the Group has given guarantees of approximately HK\$1.53 million (31 December 2020: HK\$1.49 million) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date of loans being granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

CHARGES ON ASSETS

As at 31 December 2021, the Group did not charge any of its assets (31 December 2020: Nil).

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives. The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

As at 31 December 2021, the Group employed 80 employees (excluding directors) (31 December 2020: 86 employees) and the related staff costs amounted to approximately HK\$12.43 million (2020: approximately HK\$13.20 million). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2021.

CORPORATE GOVERNANCE

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2021.

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 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Cheng Hong Kei (Chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Group's final result for the year ended 31 December 2021 has been reviewed by the Audit Committee.

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income, and related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Company's auditors, Mazars CPA Limited ("Mazars"), to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Mazars on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 May 2022, both days inclusive, during the period of closure no transfer of shares will be registered. In order to ascertain the right to attend the 2022 annual general meeting, all share certificates with completed transfer forms either overleaf or separately must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 23 May 2022.

* *for identification purpose only*

By Order of the Board
Great China Properties Holdings Limited
Huang Shih Tsai
Chairman

Hong Kong, 28 March 2022

As at the date of this announcement, the Board comprises two Executive Directors, namely Mr. Huang Shih Tsai (Chairman) and Ms. Huang Wenxi (Chief Executive Officer), three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum.

Please also refer to the published version of this announcement on the Company's website <http://www.greatchinaproperties.com>.