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大中華控股(香港)有限公司
GREAT CHINA HOLDINGS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 21)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors (the “Board”) of Great China Holdings (Hong Kong) 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 2023 together with the comparative figures for the corresponding year in 2022 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
REVENUE	7	23,843	12,546
Cost of sales and services		<u>(14,458)</u>	<u>(7,942)</u>
Gross profit		9,385	4,604
Other income and gains	7	611	500
Selling and distribution expenses		(3,302)	(2,249)
Administrative and operating expenses		(33,502)	(18,259)
Foreign exchange gain, net		23,579	69,739
Finance costs	8	<u>(706)</u>	<u>(65)</u>
(LOSS) PROFIT BEFORE TAX	9	(3,935)	54,270
Income tax expenses	10	<u>(106)</u>	<u>(1,249)</u>
(LOSS) PROFIT FOR THE YEAR		<u>(4,041)</u>	<u>53,021</u>

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
OTHER COMPREHENSIVE LOSS FOR THE YEAR			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(49,355)</u>	<u>(148,678)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(53,396)</u>	<u>(95,657)</u>
(LOSS) PROFIT FOR THE YEAR			
ATTRIBUTABLE TO:			
– Owners of the Company		(4,041)	53,021
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>(4,041)</u>	<u>53,021</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		(53,396)	(95,657)
– Non-controlling interests		<u>–</u>	<u>–</u>
		<u>(53,396)</u>	<u>(95,657)</u>
(LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	<i>12</i>	<u>HK(0.1) cents</u>	<u>HK1.33 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023	2022
		HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		185,262	182,935
Right-of-use assets		102	1,857
Investment properties		224,189	230,713
Goodwill		197,314	203,086
Interests in associates		–	–
Loan receivable from an associate, net		130,047	133,830
Properties under development		591,925	607,386
		<hr/>	<hr/>
Total non-current assets		1,328,839	1,359,807
CURRENT ASSETS			
Properties held for sale		804,789	803,985
Trade receivables	<i>13</i>	1,049	1,762
Prepayments, deposits and other receivables		37,938	22,863
Cash and bank balances		46,472	19,741
		<hr/>	<hr/>
Total current assets		890,248	848,351
CURRENT LIABILITIES			
Trade payables	<i>14</i>	45,357	45,071
Other payables and accruals		187,580	125,494
Promissory note		22,300	–
Lease liabilities		105	1,773
Amounts due to related companies		185,239	173,751
Amounts due to substantial shareholders		775,259	799,748
Tax payable		99	566
		<hr/>	<hr/>
Total current liabilities		1,215,939	1,146,403
NET CURRENT LIABILITIES		(325,691)	(298,052)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,003,148	1,061,755
		<hr/>	<hr/>

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Lease liabilities	–	105
Deferred tax liabilities	<u>161,178</u>	<u>166,284</u>
 Total non-current liabilities	 <u>161,178</u>	 <u>166,389</u>
 Net Assets	 <u>841,970</u>	 <u>895,366</u>
EQUITY		
Share capital	983,266	983,266
Other reserves	<u>(141,309)</u>	<u>(87,913)</u>
 Equity attributable to owners of the Company	 841,957	 895,353
 Non-controlling interests	 <u>13</u>	 <u>13</u>
 Total Equity	 <u>841,970</u>	 <u>895,366</u>

NOTES:

Year ended 31 December 2023

1. CORPORATE INFORMATION

Great China Holdings (Hong Kong) Limited (the “Company”, together with its subsidiaries are collectively referred to as the “Group”) 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.

The Company is investment holding and the principal activities of its subsidiaries are engaged in property development and investment.

2. BASIS OF PREPARATION

The Group had net current liabilities of approximately HK\$325,691,000 at 31 December 2023. Notwithstanding of the above, the directors of the Company 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 approximately HK\$933,993,000 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

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2022 consolidated financial statements except for the adoption of the following new / revised HKFRSs issued by the HKICPA, which are relevant to the Group and effective for the current year:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative information

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

Amendments to HKAS 12: International Tax Reform – Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s Pillar Two model rules. The Amendments also introduce targeted disclosure requirements to help investors understand an entity’s exposure to income taxes arising from the rules.

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

HKFRS 17: Insurance Contracts

HKFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued.

The core of HKFRS 17 is the general measurement model where estimates are re-measured each reporting period. Under the model, contracts are measured based on discounted probability-weighted cash flows, an explicit risk adjustment for non-financial risk, and a contractual service margin representing the unearned profit of the contract which is recognised as revenue over the coverage period.

An optional, simplified premium allocation approach is permitted for certain types of contracts, such as short duration contracts.

There is a modification of the general measurement model called the ‘variable fee approach’ for certain contracts such as those with direct participation features. When applying the variable fee approach, the entity’s share of the fair value changes of the underlying items is included in the contractual service margin.

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

Amendment to HKFRS 17: Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

The amendment is a transition option relating to comparative information about financial assets presented on initial application of HKFRS 17. The amendment is aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements.

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 1	Classification of Liabilities as Current or Non-current ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HKAS 21	Lack of Exchangeability 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 2024

² Effective for annual periods beginning on or after 1 January 2025

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 2023 and 2022 included in this preliminary announcement of 2023 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 2022 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 2023 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 2022. 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 approximately HK\$1,650,000 (2022: approximately HK\$1,966,000) 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	13,018	8,942
Property management income	8,339	1,390
	21,357	10,332
Revenue from other sources:		
Gross rental income	2,486	2,214
Total revenue	23,843	12,546
Other income and gains:		
Bank interest income	282	134
Others	329	366
	611	500

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

	Sales of properties <i>HK\$'000</i>	Property management income <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023			
Timing of revenue recognition:			
– At a point in time	13,018	–	13,018
– Over time	–	8,339	8,339
	13,018	8,339	21,357
Year ended 31 December 2022			
Timing of revenue recognition:			
– At a point in time	8,942	–	8,942
– Over time	–	1,390	1,390
	8,942	1,390	10,332

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on lease liabilities	32	65
Interest on loan from a substantial shareholder	109	–
Interest on promissory note	565	–
	706	65

9. (LOSS) PROFIT BEFORE TAX

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

	2023	2022
	HK\$'000	HK\$'000
Staff costs (including directors' remuneration)		
Salaries, allowances and benefits in kind	15,452	11,128
Pension scheme contributions	1,704	1,079
	17,156	12,207
Cost of properties sold	9,821	6,939
Depreciation of property, plant and equipment	97	212
Depreciation of right-of-use assets	1,725	2,451
Auditor's remuneration	950	900
Direct operating expenses arising from investment properties that generated rental income	536	539
Gain on disposal of a subsidiary	–	(109)
Provision for a legal claim	4,905	–
Short-term lease payments	23	65

Note:

For the years ended 31 December 2023 and 2022, there were no forfeited contribution which were available to reduce the Group's existing level of contributions to the MPF Scheme and the PRC pension scheme.

10. INCOME TAX EXPENSES

Pursuant to the rules and regulations of the British Virgin Islands (the "BVI"), the Group is not subject to any taxation under this jurisdiction.

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 2023 and 2022.

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 2023 and 2022. For the years ended 31 December 2023 and 2022, EIT has not been provided as the Group incurred a loss for taxation purpose.

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.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Deferred tax credited to profit or loss	(407)	(286)
LAT in the PRC	513	1,535
	<hr/>	<hr/>
Total income tax expenses for the year	106	1,249
	<hr/>	<hr/>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
(Loss) Profit before tax	(3,935)	54,270
	<hr/>	<hr/>
Tax at the statutory tax rate applicable to (loss) profits in respective countries	(2,469)	8,050
Income not subject to tax	(4,259)	(13,467)
Expenses not deductible for tax	3,406	2,734
Tax losses not recognised	3,329	3,715
LAT	513	1,535
Utilisation of previously unrecognised tax losses	–	(1)
Others	(414)	(1,317)
	<hr/>	<hr/>
Income tax expenses	106	1,249
	<hr/>	<hr/>

11. DIVIDENDS

The board of directors does not recommend the payment of any dividend for the years ended 31 December 2023 and 2022.

12. (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2023	2022
(Loss) Earnings for the year attributable to owners of the Company (<i>HK\$ million</i>)	(4.04)	53.02
Weighted average number of ordinary shares (<i>Million</i>)	3,975	3,975
Basic and diluted (loss) earnings per share (<i>HK cents per share</i>)	<u>(0.1)</u>	<u>1.33</u>

The calculation of diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares during the year ended 31 December 2023.

Diluted earnings per share is the same as the basic earnings per share as the Company's share option has no dilutive effect for the year ended 31 December 2022 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for the year ended 31 December 2022.

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 the 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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Within 30 days	38	63
31 to 60 days	60	26
61 to 90 days	90	32
Over 90 days	<u>861</u>	<u>1,641</u>
	<u>1,049</u>	<u>1,762</u>

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 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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 30 days	723	1,832
31 to 60 days	118	27
61 to 90 days	323	25
Over 90 days	44,193	43,187
	<u>45,357</u>	<u>45,071</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2023, the Group recorded a turnover of approximately HK\$23.84 million, representing an increase of approximately 89.96% as compared to the turnover of approximately HK\$12.55 million for last year. The increase in turnover was mainly resulted from the increase in areas delivered in the sales of properties.

Loss attributable to owners of the Company was approximately HK\$4.04 million for the year ended 31 December 2023 compared to the profit attributable to the owners of Company of approximately HK\$53.02 million for last year. This was mainly attributable to the decrease in exchange gain arising from the translation of the Group's financial liabilities and the increase in administrative and operating expenses during the year.

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 中國廣東省汕尾市海豐縣鮎門鎮百安半島 (Baian Peninsula, Houmen Town, Haifeng County, Shanwei City, Guangdong Province, the PRC*) (the "Gold Coast Resort"). Development of the Gold Coast Project will be divided into two phases with an aggregated gross floor area of approximately 430,000 sq.m. The first phase of the project comprises high block residential buildings with car parks while the second phase of the project comprises high block residential buildings, villas and serviced apartments etc.

As at the date of this announcement, pre-sale permit for phase 1 properties has been obtained. The Company has set up a sales center and show room for phase 1 which will be opened soon. The construction plan for phase 2 is currently being vetted by the relevant bureau of Shenzhen-Shanwei Special Cooperation Zone. Construction of phase 2 will be commenced once the plan is being approved.

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 Xinhe 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 County*).

The Group has paid a total sum of approximately RMB92.49 million 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. 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 million 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. At the date of this announcement, the piling of the town house and the construction of the clubhouse in phase, and the basic construction of villas of phase 2 was completed. It was noted that the local government of the Tanghai Country Project has granted the area where the Tanghai Country Project locates as a natural reserve area thus the Company’s original planning of the project may need to be modified in accordance with the local government’s guideline. The Company is actively discussing with the local government regarding the overall planning of the project.

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 中國廣東省惠州市大亞灣澳頭鎮中興中路一號 (No.1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC*). During the year ended 31 December 2023, rental income of approximately HK\$2.49 million from commercial outlets and car park of Eastern New World Square (2022: approximately HK\$2.21 million).

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\$13.02 million was recognised as revenue for the year ended 31 December 2023 (2022: approximately HK\$8.94 million) and approximately HK\$113.55 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities at 31 December 2023 (31 December 2022: approximately HK\$59.61 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 management of the Group'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 “Intermediate 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, 汕尾大中華國際實業有限公司 is still entitled to the ownership of the seized land. Notwithstanding the above, with best and conservative estimation by the management of the Group, the Company provided 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.

During the year ended 31 December 2023, the Intermediate Court issued a final judgement in relation to the civil case which require the Group to pay the Constructor for a total of approximately RMB18.5 million (equivalent to approximately HK\$20.3 million). Subsequently, the Group has lodged an appeal against the judgement to the High People’s Court of Guangdong Province (the “High Court”) and it was accepted by the High Court. As at 31 December 2023, the case is pending for the hearing of the second instance.

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 (a) 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 (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*); and (b) 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 (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*). 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.

CONNECTED TRANSACTION – PROPERTY LEASE AGREEMENTS

On 1 August 2022, (i) 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited*) (“Waytung China”) and 大中華國際集團(中國)有限公司 (Great China International Group Limited*) (“GCI”) entered into the Property Leasing Agreement I; (ii) 大中華實業(惠州)有限公司 (Great China Enterprises (Huizhou) Limited*) (“Great China (Huizhou)”) and GCI entered into the Property Leasing Agreement II; and (iii) 汕尾市大中華實業有限公司 (Shanwei Great China Enterprises Limited*) (“Great China (Shanwei)”) and GCI entered into the Property Leasing Agreement III. In accordance with HKFRS 16 “Leases”, the Group had recognised right-of-use assets in its consolidated statement of financial position in respect of the leased properties under the Property Lease Agreements.

Each of Waytung China, Great China (Huizhou) and Great China (Shanwei) is a wholly-owned subsidiary of the Company. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, the executive Director, controlling shareholders and chairman of the Group. As such, GCI is a connected person to the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Lease Agreements constitute a one-off connected transaction of the Company.

According to the Property Lease Agreements, (i) Waytung China shall pay a monthly rental of RMB28,000; (ii) Great China (Huizhou) shall pay a monthly rental of RMB43,600; and (iii) Great China (Shanwei) shall pay a monthly rental of RMB93,000. Please refer to the announcement of the Company dated 1 August 2022 for details of the transactions.

The Property Leasing Agreements expired on 31 August 2023. On 1 March 2024, each of Waytung China, Great China (Huizhou) and Great China (Shanwei) entered into the property leasing agreements (“2024 Property Leasing Agreements”) with GCI for a term commencing from 1 March 2024 to 31 March 2025. Except for the lease period, all other terms of the 2024 Property Leasing Agreements are identical to the Property Leasing Agreements. Please refer to the announcement of the Company dated 1 March 2024 for further details.

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. With the loosening of the COVID-control measures in the PRC, the Group will review and adjust its development and sales schedule in accordance with the market conditions and the overall environment. 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. 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 2023, bank balances and cash of the Group amounted to approximately HK\$46.47 million (31 December 2022: approximately HK\$19.74 million). The Group's total current assets as at 31 December 2023 amounted to approximately HK\$890.25 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 2023 amounted to approximately HK\$1,215.94 million, which comprised trade payables, other payables and accruals, promissory notes, lease liabilities, amounts due to related companies, amounts due to substantial shareholders and tax payable. As at 31 December 2023, the Group's gearing ratio, defined as interest-bearing liabilities divided by total equity, was approximately 3.0% (31 December 2022: 0.21%).

CAPITAL COMMITMENT

As at 31 December 2023, the Group had a total capital commitment of approximately HK\$465.95 million (31 December 2022: approximately HK\$460.58 million), contracted for but not provided in the consolidated financial statements, which comprised (i) approximately HK\$256.57 million (31 December 2022: approximately HK\$245.11 million) in respect of the construction and development of properties and (ii) approximately HK\$209.37 million (31 December 2022: approximately HK\$215.47 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

At 31 December 2023, the Group has contingent liabilities of approximately RMB153.59 million (equivalent to approximately HK\$168.37 million) (2022: approximately RMB71.48 million (equivalent to approximately HK\$80.64 million)) of which the Group has given guarantees of approximately RMB153.59 million (equivalent to approximately HK\$168.37 million) (2022: approximately RMB71.38 million (equivalent to approximately HK\$80.64 million)) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore the guarantees have not been recognised in the consolidated financial statements for the years ended 31 December 2023 and 2022.

CHARGES ON ASSETS

As at 31 December 2023, the Group did not charge any of its assets (31 December 2022: Nil).

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the heading "CONNECTED TRANSACTION – PROPERTY LEASE AGREEMENTS", there is no significant subsequent event after the reporting period.

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 2023, the Group employed 62 employees (excluding directors) (31 December 2022: 55 employees) and the related staff costs amounted to approximately HK\$15.79 million (2022: approximately HK\$10.99 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 2023.

CORPORATE GOVERNANCE

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix C1 of the Listing Rules throughout the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 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 2023.

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 C1 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. Wang Hongxin Charles. The Group's final result for the year ended 31 December 2023 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 2023 as set out in this 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 this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024, both days inclusive, during the period of closure no transfer of shares will be registered. In order to ascertain the right to attend the 2024 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, 3 June 2024.

* *for identification purpose only*

By Order of the Board
Great China Holdings (Hong Kong) Limited
Huang Shih Tsai
Chairman

Hong Kong, 28 March 2024

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); one Non-executive Director, namely Mr. Li Zhizhen; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Wang Hongxin Charles.