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**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 (the “Group”) for the year ended 31 December 2014 together with the selected comparative information for the corresponding period in 2013 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*For the year ended 31 December 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
REVENUE	4	<b>26,127</b>	35,720
Cost of sales		<b>(20,729)</b>	(23,851)
Gross profit		<b>5,398</b>	11,869
Other income and gains/(losses)	4	<b>8,346</b>	269
Fair value gains on investment properties		<b>4,561</b>	6,229
Selling and distribution expenses		<b>(2,914)</b>	(2,359)
Administrative and operating expenses		<b>(31,212)</b>	(36,187)
Other operating expenses		<b>(12,058)</b>	(10,380)
Finance costs	5	–	–
Share of loss of an associate		<b>(6,756)</b>	–
LOSS BEFORE TAX	6	<b>(34,635)</b>	(30,559)
Income tax credit/(expense)	7	<b>(559)</b>	1,517
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		<b>(35,194)</b>	(29,042)

	<i>Note</i>	<b>2014</b> <b>HK\$'000</b>	2013 HK\$'000 (Restated)
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(23,474)</b>	15,411
Share of other comprehensive income of an associate		<u>17</u>	<u>–</u>
<b>NET OTHER COMPREHENSIVE INCOME/(LOSS) TO BE RECLASSIFIED TO PROFIT OR LOSS IN SUBSEQUENT PERIODS AND OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>			
		<u><b>(23,457)</b></u>	<u>15,411</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
		<u><b>(58,651)</b></u>	<u>(13,631)</u>
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	9	<u><b>HK1.06 cent</b></u>	<u>HK1.45 cent</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>10,565</b>	3,352
Investment properties	<i>10</i>	<b>244,863</b>	244,729
Interest in an associate		<b>150,558</b>	–
Prepaid land lease payments		<b>301</b>	36
Goodwill		<b>227,382</b>	209,877
Properties under development	<i>11</i>	<b>584,476</b>	598,313
Prepayments for investment properties under development		<b>–</b>	39,925
		<hr/>	<hr/>
Total non-current assets		<b>1,218,145</b>	1,096,232
<b>CURRENT ASSETS</b>			
Properties held for sale	<i>12</i>	<b>502,726</b>	464,508
Trade receivables	<i>13</i>	<b>382</b>	3,393
Prepayments, deposits and other receivables		<b>24,198</b>	15,247
Tax recoverable		<b>409</b>	–
Equity investments at fair value through profit or loss		<b>47</b>	183
Cash and bank balances		<b>6,549</b>	15,604
		<hr/>	<hr/>
Total current assets		<b>534,311</b>	498,935
<b>CURRENT LIABILITIES</b>			
Trade payables	<i>14</i>	<b>24,425</b>	32,002
Other payables and accruals		<b>40,534</b>	50,982
Amounts due to related companies		<b>122,732</b>	126,199
Amounts due to a substantial shareholder		<b>223,100</b>	50,362
Tax payable		<b>479</b>	–
		<hr/>	<hr/>
Total current liabilities		<b>411,270</b>	259,545
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>123,041</b>	239,390
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,341,186</b>	1,335,622
		<hr/>	<hr/>

	<i>Note</i>	<b>2014</b> <b>HK\$'000</b>	2013 <i>HK\$'000</i> (Restated)
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing borrowing		<b>46,731</b>	–
Deferred tax liabilities		<b>192,606</b>	175,729
		<hr/>	<hr/>
Total non-current liabilities		<b>239,337</b>	175,729
		<hr/>	<hr/>
Net assets		<b>1,101,849</b>	1,159,893
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>15</i>	<b>905,676</b>	33,127
Other statutory capital reserves		–	872,549
		<hr/>	<hr/>
Share capital and other statutory capital reserves		<b>905,676</b>	905,676
Other reserves		<b>196,160</b>	254,204
		<hr/>	<hr/>
		<b>1,101,836</b>	1,159,880
		<hr/>	<hr/>
Non-controlling interests		<b>13</b>	13
		<hr/>	<hr/>
Total equity		<b>1,101,849</b>	1,159,893
		<hr/> <hr/>	<hr/> <hr/>

## **NOTES:**

*For the year ended 31 December 2014*

### **1. CORPORATE INFORMATION**

Great China Properties Holdings Limited is a limited liability company incorporated in Hong Kong. Its registered office is located at Suite 6308, 63 Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

During the year, the Group was principally engaged in property development and investment and investment holding.

### **2. BASIS OF PREPARATION**

The Group recorded a consolidated net loss of HK\$35,194,000 (2013: HK\$29,042,000) and net cash outflows from operating activities of HK\$70,632,000 (2013: HK\$56,425,000) for the year and had cash and bank balance of HK\$6,549,000 at 31 December 2014.

The directors consider the going concern basis of preparation of the financial statements appropriate after taking into consideration the following:

- (a) The Group is able to generate operating profits and cash inflows from future sales of properties;
- (b) the Group had properties including investment properties, properties under development and properties held for sale as at 31 December 2014 that are available for the Group as security for further borrowings;
- (c) The 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 due to companies controlled by him 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. The effect to these adjustments has not been reflected in the consolidated financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. The financial statements have been prepared under the historical cost convention, except for certain investment properties and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

## **APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)**

The Group has adopted the following revised standards and a new interpretation for the first time for the current year’s financial statements:

<i>Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)</i>	<i>Investment Entities</i>
<i>Amendments to HKAS 32</i>	<i>Offsetting Financial Assets and Financial Liabilities</i>
<i>Amendments to HKAS 36</i>	<i>Recoverable Amount Disclosure for Non-Financial Assets</i>
<i>Amendments to HKAS 39</i>	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
<i>HK(IFRIC) – Int 21</i>	<i>Levies</i>
<i>Amendment to HKFRS 2</i> <i>included in Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition<sup>1</sup></i>
<i>Amendment to HKFRS 3</i> <i>included in Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination<sup>1</sup></i>
<i>Amendment to HKFRS 13</i> <i>included in Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
<i>Amendment to HKFRS 1</i> <i>included in Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

<sup>1</sup> Effective from 1 July 2014

The adoption of the revised standards and a new interpretation has had no significant financial effect on the Group’s financial information.

### **3. OPERATING SEGMENT INFORMATION**

The Group has a single reportable segment based on the location of the operations, which is the property development and investment located in the People’s Republic of China (the “PRC”). Information reported to the Group’s management 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 a major customer**

Revenue of approximately HK\$3,087,000 (2013: HK\$12,153,000) was derived from rental income from the Group’s largest customer.

#### 4. REVENUE, OTHER INCOME AND GAINS/(LOSSES)

Revenue, which is also the Group's turnover, represents the income from the sale of properties, gross rental income and property management income during the year.

An analysis of revenue, other income and gains/(losses) is as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue:		
Sales of properties	<b>20,409</b>	22,097
Gross rental income	<b>5,018</b>	13,125
Property management income	<b>700</b>	498
	<u><b>26,127</b></u>	<u>35,720</u>
Other income and gains/(losses):		
Bank interest income	<b>94</b>	24
Interest income from other receivables	<b>1,590</b>	–
Fair value gain/(loss) of equity investments at fair value through profit or loss	<b>(36)</b>	6
Gain/(loss) on disposal of equity investments at fair value through profit or loss	<b>234</b>	(39)
Reversal of land use tax previously provided	<b>5,483</b>	–
Others	<b>981</b>	278
	<u><b>8,346</b></u>	<u>269</u>

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Interest on an entrusted loan wholly repayable within five years	<b>4,367</b>	–
<i>Less:</i> Interest capitalised under property under development	<u><b>(4,367)</b></u>	<u>–</u>
	<u><b>–</b></u>	<u>–</u>

## 6. LOSS BEFORE TAX

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

	<b>Group</b>	
	<b>2014</b>	2013
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Cost of properties sold	<b>20,061</b>	23,414
Depreciation	<b>2,663</b>	1,059
Minimum lease payments under operating leases on land and buildings	<b>5,895</b>	4,395
Auditors' remuneration	<b>1,424</b>	753
Staff costs (including directors' remuneration):		
Salaries and wages	<b>13,902</b>	12,003
Equity-settled share option expense	<b>607</b>	1,098
Pension scheme contributions	<b>1,460</b>	1,052
	<b>15,969</b>	14,153
Rental income on investment properties less direct operating expenses of HK\$340,000 (2013: HK\$2,011,000)	<b>(4,678)</b>	(11,144)
Loss on disposal of items of property, plant and equipment	<b>94</b>	14
Fair value gain on investment properties	<b>(4,561)</b>	(6,229)
Impairment loss of other receivables	<b>1,607</b>	2,915
Impairment loss on properties held for sale	<b>8,000</b>	7,465
Foreign exchange loss/(gain)	<b>(1,965)</b>	978



## 7. INCOME TAX CREDIT/(EXPENSE)

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year. In the prior year, Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdiction in which the Group operates.

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.

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i> (Restated)
Group:		
Current – Hong Kong		
Charge for the year	–	623
Overprovision in prior years	<b>(10)</b>	(10)
Deferred	<b>(192)</b>	(2,472)
LAT in Mainland China	<b>761</b>	342
	<u>          </u>	<u>          </u>
Total tax charge/(credit) for the year	<b>559</b>	(1,517)
	<u>          </u>	<u>          </u>

## 8. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2014 and 31 December 2013, nor has any dividend been proposed by the Board subsequent to the end of the reporting period.

## 9. LOSS PER SHARE

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

	<b>2014</b>	2013
Loss for the year attributable to ordinary equity shareholders of the Company for the purpose of basic loss per share ( <i>HK\$ million</i> )	<b>(35.19)</b>	(29.04)
Weighted average number of ordinary shares for the purpose of basic loss per share ( <i>Million</i> )	<b>3,312.7</b>	2,003.2
Basic earnings per share ( <i>HK cent per share</i> )	<b>(1.06)</b>	(1.45)
	<u>          </u>	<u>          </u>

Diluted loss per share is same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during both years.

The calculation of diluted loss per share does not assume the exercise of the outstanding share options as it would result in a decrease in the loss per share for both periods and the exercise prices of those options are higher than the average market price for shares for both years.

## 10. INVESTMENT PROPERTIES

	<b>Investment properties</b>		
	<b>completed</b>	<b>under</b>	
	<b>(at fair value)</b>	<b>development</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31 December 2014			
At 1 January 2014	228,006	16,723	244,729
Additions	809	–	809
Disposal	(285)	–	(285)
Valuation gain recognised in profit or loss	4,561	–	4,561
Exchange alignment	(4,615)	(336)	(4,951)
	<u>228,476</u>	<u>16,387</u>	<u>244,863</u>
At 31 December 2014	<u>228,476</u>	<u>16,387</u>	<u>244,863</u>

- (a) The investment properties represent interests in land held under medium term leases in the PRC and buildings erected or being erected thereon.
- (b) Investment properties under development are carried at cost as the board considers that the fair value of investment properties under development cannot be reliably determined due to some construction still not commenced at 31 December 2014.
- (c) The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.
- (d) Valuation of investment properties were carried out at 31 December 2014 by Roma Appraisal Limited, an independent valuer not connected with the Group, using the same valuation techniques as were used when carrying out the December 2013 valuation.
- (e) A valuation gain of HK\$4.56 million (2013: HK\$6.23 million), and deferred tax thereon of HK\$1.14 million (2013: HK\$1.56 million), had been recognised in profit or loss for the year in respect of investment properties.

## 11. PROPERTIES UNDER DEVELOPMENT

The properties under development are expected to be recovered after one year. Amounts of HK\$363,112,000 (2013: HK\$363,470,000), HK\$153,067,000 (2013: HK\$153,084,000) and HK\$68,297,000 (2013: HK\$81,759,000) represented Hong Hai Bay Project, Tanghai County Project and Gold Coast Project respectively.

## 12. PROPERTIES HELD FOR SALE

	<b>Group</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Completed properties held for sale	<b>155,402</b>	180,794
Properties held for sale under development	<b>347,324</b>	283,714
	<b><u>502,726</u></b>	<u>464,508</u>
Properties held for sale under development – expected to be recovered:		
After one year	<b><u>347,324</u></b>	<u>283,714</u>

Certain of the Group's properties held for sale with an aggregate carrying value of HK\$309,666,000 (2013: Nil) at the end of the reporting period were pledged to secure the entrusted loan granted to the Group.

For the year ended 31 December 2014, HK\$8,000,000 (2013: HK\$7,465,000) of completed properties held for sale was impaired as a result of decrease in net realisable value of certain completed properties.

## 13. TRADE RECEIVABLES

Trade receivables represent sale proceeds in respect of sold properties and rental receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of the 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 aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	<b>Group</b>	
	<b>2014</b>	2013
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Within 30 days	<b>92</b>	1,082
31 to 60 days	<b>33</b>	51
61 to 90 days	<b>19</b>	–
Over 90 days	<b>238</b>	2,260
	<b>382</b>	3,393

Provisions are applied to the receivables when there are events or changes in circumstances indicate that the balance may not be collectible. The directors of the Company closely review the trade receivable balances and any overdue balances on an ongoing basis and assessments are made by the directors of the Company on the collectability of overdue balances.

Receivables that were past due but not impaired relate to a number of independent 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.

#### **14. TRADE PAYABLES**

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

	<b>Group</b>	
	<b>2014</b>	2013
	<i><b>HK\$'000</b></i>	<i>HK\$'000</i>
Within 30 days	<b>1,924</b>	285
31 to 60 days	<b>7</b>	–
61 to 90 days	<b>7</b>	64
Over 90 days	<b>22,487</b>	31,653
	<b>24,425</b>	32,002

The trade creditors are non-interest-bearing and normally settled within 30 days.

## 15. SHARE CAPITAL

### Shares

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Authorised: <i>(note (i))</i>		
Nil (2013: 20,000,000,000 ordinary shares of HK\$0.01 each) <i>(note (ii))</i>	–	200,000
	<u>          </u>	<u>          </u>
Issued and fully paid:		
3,312,698,406 (2013: 3,312,698,406) ordinary shares	<b>905,676</b>	33,127
	<u>          </u>	<u>          </u>

### Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.
- (ii) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

## 16. COMPARATIVE AMOUNTS

Certain amounts in the consolidated financial statements for the year ended 31 December 2013 have been reclassified to be consistent with the current year presentation. These reclassifications have no effect on the previously reported loss for the prior year.

## 17. EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events took place subsequent to 31 December 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

For the year ended 31 December 2014, the Group recorded a turnover of approximately HK\$26,127,000, representing a decrease of approximately 26.9% as compared to the turnover of approximately HK\$35,720,000 for last year. The decrease in turnover mainly results from the decrease in property sales and the decrease in rental income from Gold Coast Resort upon the expiry of the tenancy agreement on 31 March 2014.

Loss attributable to the shareholders was approximately HK\$35,194,000 for the year ended 31 December 2014, representing an increase of 21.2% as compared to a loss attributable to the shareholders of approximately HK\$29,042,000 for last year. The increase in loss was mainly attributable to the share of loss of an associate of the Company.

### 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”).

After the expiry of the tenancy agreement dated 10 October 2008 and two supplemental tenancy agreements dated 29 December 2008 and 9 March 2009 with an independent third party, the Group has entered into an agreement dated 29 March 2012 to extend the leasing period of Gold Coast Resort for a term of two years commencing from 1 April 2012 with a fixed monthly rental income of RMB800,000. The tenancy agreement was expired on 31 March 2014.

Gold Coast PRC had entered into a construction contract dated 16 June 2010 and two supplemental agreements dated 10 December 2010 and 13 January 2011, respectively, with an independent third party, 深圳市焯楠建築裝飾工程有限公司 (Shenzhen Zhuonan Construction and Decoration Company Limited\*) (the “Sub-contractor”), for the construction and renovation of the Gold Coast Resort at a contract price of RMB55 million (equivalent to approximately HK\$70.89 million). As at 31 December 2013, Gold Coast PRC paid approximately RMB30,976,000 (equivalent to approximately HK\$39,925,000) to the Sub-contractor as a prepayment of the contract sum.

In March 2014, Gold Coast PRC entered into a release contract with the Sub-contractor, pursuant to which the Sub-contractor agreed to refund the prepayment paid by the Group (after deduction of certain expenses incurred by the Sub-contractor for the construction and renovation of Gold Coast PRC). The prepayment, net of certain expenses incurred by the Sub-contractor, was fully settled.

A grand foundation laying ceremony for Gold Coast Resort has been held in April 2014. 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 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”) (formerly known as 唐海中泰信和房地產開發有限公司 (Tanghai Zhongtai Xinhe Real Estate Company Limited\*)), 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 (equivalent to approximately HK\$116,250,000) 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 (equivalent to approximately HK\$15,083,000) 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.

The selling of the residential portion of Eastern New World Square has commenced in May 2013 and the revenue generated has contributed to the turnover of the Group for the year ended 31 December 2014, amounted to approximately HK\$20,409,000.

### *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 on 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 on 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\*).

Construction of Jin Bao Cheng Project has commenced and development of the remaining portion of Jin Bao Cheng Project is expected to be completed by the third quarter of 2015.



## (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.. Development of Hong Hai Bay Project is expected to be completed by the second quarter of 2019 by stage.

### *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 intended to be 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. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014.

For the year ended 31 December 2014, share of loss in associate of approximately HK\$6,756,000 was recognised in the Group's consolidated profit or loss. As at 31 December 2014, the Group's interest in the associate amounted to approximately HK\$150,558,000.

## **BUSINESS OUTLOOK**

With the moderate recovery of the macro economy, increasing urbanization and growing per capita wealth of Chinese citizens, demand on mid- to high-end commercial and tourism property development is likely to be driven up. The Group's business and future strategy will continue to be focusing on mid- to high-end commercial and tourism property development and investment. Riding on its solid foundation of existing projects, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as to gradually diversify its income source.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2014, bank balances and cash of the Group amounted to approximately HK\$6,549,000 (31 December 2013: HK\$15,604,000). The Group's total current assets as at 31 December 2014 amounted to approximately HK\$534,311,000, which comprised properties held for sales, trade receivables, prepayments, deposits and other receivables, equity investments, bank balances and cash. The Group's total current liabilities as at 31 December 2014 amounted to approximately HK\$411,270,000, which comprised trade payables, other payables and accruals, amounts due to related companies and amount due to a substantial shareholder.

As at 31 December 2014, the Group's borrowings included RMB borrowings equivalent to HK\$46,731,000, which are payable after one year. The outstanding borrowings take the form of interest-bearing loans, with fixed interest rates.

The Group's gearing ratio, defined as total borrowings divided by total equity, at the balance sheet date was approximately 4.24%.

## **CAPITAL COMMITMENT**

As at 31 December 2014, the Group had a total capital commitment of approximately HK\$377,341,000, contracted for but not provided for in the financial statements, which comprised (i) approximately HK\$146,288,000 in respect of the construction and development of investment properties and (ii) approximately HK\$231,053,000 in respect of the investment in an associate.

## **CONTINGENT LIABILITIES**

As at 31 December 2014, the Group has given guarantees of approximately HK\$3,873,000 to banks for housing loans extended by the banks to 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 2014, the Group charged two pieces of land as security for an entrusted loans (2013: 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 2014, the Group employed 111 employees (excluding directors) (31 December 2013: 99 employees) and the related staff costs amounted to approximately HK\$13,170,000 (31 December 2013: approximately HK\$11,411,000). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

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

## **CORPORATE GOVERNANCE**

The Company has applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the period for the year ended 31 December 2014.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transaction by Directors of listed companies (the "Model Code") 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 2014.

## **AUDIT COMMITTEE**

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 2014 has been reviewed by the Audit Committee.

## **EMPHASIS OF MATTER**

Without qualifying their opinion, the auditors' report is likely to include a paragraph to draw the attention of the Company's shareholders to notes to the consolidated financial statements which indicates that the Group incurred a consolidated net loss of HK\$35,194,000 and a net cash outflow from operating activities of HK\$70,632,000 during the year ended 31 December 2014; and had cash and bank balance of HK\$6,549,000 at 31 December 2014. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Groups' financial statements have been prepared on a going concern basis, the validity of which depends upon the future sales of properties, the availability of additional debt facilities, and that financial support from its substantial shareholder is forthcoming to meet the Group's financial obligations as and when they fall due in the foreseeable future.

## **SCOPE OF WORK OF ERNST & YOUNG ON THE PRELIMINARY ANNOUNCEMENT**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2014 have been agreed by the Group's independent auditors, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Monday, 25 May 2015 to Friday, 29 May 2015, both days inclusive, during the period of closure no transfer of shares will be registered. In order to ascertain the right to attend the 2015 annual general meeting, all share certificates with completed transfer forms either overleap or separately must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 22 May 2015.

\* *for identification purposes only*

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

Hong Kong, 31 March 2015

*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>.*