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GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED

大灣區聚變力量控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1189)

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

Reference is made to the announcement of GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED (the “**Company**”) dated 21 March 2022 in relation to, among other things, the delay in publication of the 2021 Annual Results (collectively the “**Announcements**”). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces the unaudited consolidated results and financial position of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2021 together with the comparative figures for the corresponding year ended 31 December 2020 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
CONTINUING OPERATIONS		
Revenue	79,067	67,156
Cost of sales	(38,683)	(55,823)
Gross profit	40,384	11,333
Other income, gains and losses, net	28,162	12,336
Gain on disposal of subsidiaries	15,045	55,685
Loss on fair value changes of investment properties	(33,483)	(37,342)
Impairment loss on property, plant and equipment	–	(28,992)
Selling and distribution expenses	(327)	(284)
Administrative and other operating expenses	(84,699)	(78,521)
Finance costs	(3,330)	(1,762)
Loss before tax	(38,248)	(67,547)
Income tax (expense)/credit	(22)	9
Loss for the year from continuing operations	(38,270)	(67,538)
DISCONTINUED OPERATION		
Loss for the year from discontinued operation	–	(15,892)
Loss for the year	(38,270)	(83,430)
Other comprehensive income/(expense) for the year		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	7,622	16,455
Exchange differences reclassified to profit or loss upon disposal of a subsidiary	–	(19,153)
Other comprehensive income/(expense) for the year	7,622	(2,698)
Total comprehensive expense for the year	(30,648)	(86,128)

	2021 HK\$'000 (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Loss for the year attributable to:		
Owners of the Company		
Loss for the year from the continuing operations	(33,410)	(57,440)
Loss for the year from the discontinued operation	<u>—</u>	<u>(14,208)</u>
	<u>(33,410)</u>	<u>(71,648)</u>
Non-controlling interests		
Loss for the year from the continuing operations	(4,860)	(10,098)
Loss for the year from the discontinued operation	<u>—</u>	<u>(1,684)</u>
	<u>(4,860)</u>	<u>(11,782)</u>
	<u>(38,270)</u>	<u>(83,430)</u>
Total comprehensive expense for the year attributable to:		
Owners of the Company	(27,054)	(70,738)
Non-controlling interests	<u>(3,594)</u>	<u>(15,390)</u>
	<u>(30,648)</u>	<u>(86,128)</u>
Loss per share (HK\$) from continuing and discontinued operations		
Basic and diluted	<u>(0.04)</u>	<u>(0.09)</u>
Loss per share (HK\$) from continuing operations		
Basic and diluted	<u>(0.04)</u>	<u>(0.07)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Audited)
Non-current assets		
Property, plant and equipment	189,993	211,996
Right-of-use assets	812	2,609
Other investment	6,013	–
Investment properties	22,000	55,000
	<u>218,818</u>	<u>269,605</u>
Current assets		
Inventories	865	908
Trade and other receivables	70,043	36,088
Investments held for trading	–	116
Bank balances and cash	1,782,734	1,813,337
	<u>1,853,642</u>	<u>1,850,449</u>
Assets classified as held for sale	–	2,951
	<u>1,853,642</u>	<u>1,853,400</u>
Current liabilities		
Trade and other payables	46,559	36,911
Interest-bearing borrowing	22,000	22,000
Tax payables	18,114	18,113
Lease liabilities	956	1,863
Contract liabilities	660	2,030
	<u>88,289</u>	<u>80,917</u>
Liabilities associated with assets classified as held for sale	–	1,376
	<u>88,289</u>	<u>82,293</u>
Net current assets	<u>1,765,353</u>	<u>1,771,107</u>
Total assets less current liabilities	<u>1,984,171</u>	<u>2,040,712</u>

	2021 <i>HK\$'000</i> (Unaudited)	2020 <i>HK\$'000</i> (Audited)
Non-current liabilities		
Deferred tax liabilities	20,709	24,033
Lease liabilities	—	871
	<u>20,709</u>	<u>24,904</u>
NET ASSETS	<u>1,963,462</u>	<u>2,015,808</u>
Capital and reserves		
Share capital	7,892	7,892
Reserves	<u>1,779,367</u>	<u>1,825,112</u>
Equity attributable to owners of the Company	1,787,259	1,833,004
Non-controlling interests	<u>176,203</u>	<u>182,804</u>
TOTAL EQUITY	<u>1,963,462</u>	<u>2,015,808</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company and its subsidiaries (together with the Company collectively referred to as the “**Group**”) are principally engaged in the businesses of hotel operations, leasing and trading of securities.

Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) which functional currency is Renmenbi (“**RMB**”), the functional currency of the Company and its other subsidiaries is Hong Kong dollars (“**HK\$**”). The consolidated financial statements are presented in HK\$ and rounded to the nearest thousands unless otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	<i>Covid-19-Related Rent Concessions</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>

The application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. REVENUE

The Group owns and operates hotels and provides hotel management and related services. The Group also owns investment properties for property rental business.

4. LOSS PER SHARE

From continuing operation and discontinued operation

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	<u><u>33,410</u></u>	<u><u>71,648</u></u>

Number of shares

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>789,211,046</u></u>	<u><u>789,211,046</u></u>

The computation of diluted loss per share for years ended 31 December 2021 and 2020 does not assume the exercise of the Company's share options since their assumed exercise would result in decrease in loss per share.

From continuing operations

The calculation of the basic and diluted loss per share for the year from the continuing operations attributable to owners of the Company is based on the following data:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	33,410	71,648
<i>Less:</i>		
Loss for the year attributable to owners of the Company from discontinued operations	<u>—</u>	<u>(14,208)</u>
Loss for the purpose of calculating basic and diluted loss per share from continuing operations	<u>33,410</u>	<u>57,440</u>

The denominators used are the number of shares as those detailed above for basic and diluted loss per share.

5. SHARE CAPITAL OF THE COMPANY

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
<i>Authorised</i>		
At 1 January 2020, 31 December 2020 and 2021 (unaudited)	<u>150,000,000,000</u>	<u>1,500,000</u>
<i>Issued and fully paid</i>		
At 1 January 2020, 31 December 2020 and 2021 (unaudited)	<u>789,211,046</u>	<u>7,892</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

Being the second year of the COVID-19 pandemic, its impact continued to be severe for the hospitality industry globally. Although certain major economies show a recovery momentum consequent to a widespread vaccination coverage and community immunity, the high inflection rate still hinder international travel. Global hotel sector continued to face severe disruption and demand remained subdued.

The mainland China remained as the key growth driver of the world during 2021. The gross domestic product (“**GDP**”) of PRC increased by approximately 8.1% as compared to year-on-year in 2020, with an average growth rate of approximately 5.1% in the past two years. The mainland China continues to lead the global economic recovery during the year with effective epidemic prevention mechanism, the complete production chain and rising domestic demand and has successfully avoided the adverse impact of newer waves of Delta and Omicron infection.

FINANCIAL REVIEW

During the year ended 31 December 2021, the Group's business and financial performance had been continuously impacted by the COVID-19 pandemic. Revenue of the Group attained HK\$79.1 million, representing an increase of 17.7% as compared to approximately HK\$67.2 million for the year ended 31 December 2020. The results of the Group for year ended 31 December 2021 was a loss of approximately HK\$38.3 million (2020: HK\$83.4 million) which was mainly attributable to gross profit of approximately HK\$40.4 million (2020: HK\$11.3 million); administrative and other operating expenses of approximately HK\$84.7 million (2020: HK\$78.5 million); selling and distribution expenses of approximately HK\$0.3 million (2020: HK\$0.3 million); finance costs of HK\$3.3 million (2020: HK\$1.8 million); fair value loss on investment properties of approximately HK\$33.5 million (2020: HK\$37.3 million) and income tax expense of HK\$22,000 (Year ended 31 December 2020: income tax credit of HK\$9,000); partially offset by gain on disposal of subsidiaries of approximately HK\$15.0 million (2020: HK\$55.7 million) and other income of approximately HK\$28.2 million (2020: HK\$12.3 million).

The performance of the Group's hotel operations and securities trading during the year ended 31 December 2021 under review, the commentary on the hotel sector and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the succeeding sections headed "BUSINESS REVIEW" and "PROSPECTS".

BUSINESS REVIEW

(a) Hotel Operations

During the year ended 31 December 2021, the hotel operations comprise the operations of two "Rosedale" branded 4-star rated hotels located in Guangzhou and Shenyang. Under the aforesaid challenging operating environment in the year under review, overall revenue generated from hotel operations decreased by 7.7% to approximately HK\$53.8 million for the year ended 31 December 2021 (2020: HK\$58.3 million). The average occupancy rate of the decreased to 24.4% for the year ended 31 December 2021 (2020: 38.0%). The gross margin maintained at 51.1% (2020 of 16.9%) through the effort of controlling cost. To combat the competitive environment, the Group will continue to invest resources to enhancing its market network and positioning and, in the meantime, will further streamline its business operations to contain costs efficiently.

(b) Securities Trading

The segment recorded a profit of approximately HK\$0.1 million for the year ended 31 December 2021 (2020: segment loss of HK\$0.1 million), mainly representing fair value gain of investments held for trading, as a result of mark to market valuations as at the balance sheet date.

LIQUIDITY AND FINANCIAL RESOURCES

The COVID-19 pandemic continued to impact materially our business, financial condition and results of operations during the year ended 31 December 2021. As at 31 December 2021, the Group's cash and bank balances and investments held for trading amounted to approximately HK\$1,782.7 million (31 December 2020: HK\$1,813.5 million). The Group has interest-bearing borrowings amounted to approximately HK\$22.0 million (31 December 2020: HK\$22.0 million).

The Group's current assets and current liabilities as at 31 December 2021 were approximately HKD1,853.6 million and approximately HK\$88.3 million (31 December 2020: HK\$1,853.4 million and HK\$82.3 million), respectively. As a result, the current ratio of the Group as at 31 December 2021 was 21.0 (31 December 2020: 22.5). The gearing ratio as at 31 December 2021, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was 1.2% (31 December 2020: 1.2%).

CHARGE OF ASSETS

The borrowing (current liabilities) was secured by the Group's interest over certain subsidiaries as at each of 31 December 2021 and 31 December 2020.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at each of 31 December 2021 and 31 December 2020.

FOREIGN CURRENCY EXPOSURE

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollar and Renminbi. During the year ended 31 December 2021, the Group has not entered into any hedging arrangements. However, the Group will actively consider the use of relevant financial instruments to manage currency exchange risks in line with our business development.

INTEREST RATE EXPOSURE

During the year ended 31 December 2021, the Group was not subject to the risk of significant interest rate volatility. The Company will continue to monitor the interest rate markets and actively consider the application of relevant financial instruments to manage risks associated with interest rates.

EMPLOYEE AND REMUNERATION POLICY

At 31 December 2021, the Group had 369 employees of which 358 employees were stationed in the PRC. Employees' remuneration packages were determined in accordance with individual's responsibility, competence and skills, qualifications, experience and performance as well as market pay-level. Staff benefits include training programs, provident fund scheme, medical insurance and other competitive fringe benefits.

In face of the COVID-19 pandemic, the Group has implemented certain protocols to protect our employees. These measures include: (i) remote working arrangements and flexible working hours; (ii) restrictions on access to the offices and temperature screening; (iii) meeting are held by video conference or conference call if possible; (iv) self-isolation with in cases of developing symptoms or close contact with suspected cases of COVID-19; and (v) granting of paid on necessary vaccination leave.

To provide incentives and rewards to employees, the Company has adopted a share option scheme for the eligible participants (including employees).

PROSPECTS

The global pandemic persists as of this report at the first quarter of 2022, the hotel industry was still under the midst of COVID-19 because of the resurgence of its variants in various areas.

Looking forward, with the COVID-19 pandemic continuing and the full market impact of the new Omicron variant is yet to be felt, it is generally expected that international travel shall be resumed normal in 2024 via high vaccination rates and community immunity. Furthermore, with the help of the stringent prevention measures implemented domestically and in the mainland, the number of infection cases is expected be under control soon during the year. The Company is relatively confident the reopening of the border between mainland and Hong Kong shall be probably be crystallised during the second half of 2022. Besides seeking further high-quality hotel investment opportunities, the Group shall look into other business segments with high growth potentials including property development and investment in the PRC to enhance the return of the Company and shareholders of the Company as a whole.

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

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

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities ("**Listing Rules**") on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") during the year ended 31 December 2021, except for the following deviations:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at each annual general meeting in accordance with the bye-laws of the Company ("**Bye-Laws**"). The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provision A.4.1, and does not intend to take any steps in this regard at the moment.

Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The chairman of the Company, Mr. Tam Chung Sun was unable to attend the annual general meeting of the Company held on 30 June 2021 ("**2021 AGM**") due to COVID-19 restrictions. Mr. Lai Tsz Wah, the managing director of the Company, attended and took the chair of the 2021 AGM in accordance with Bye-law 68 of the Bye-Laws and answered questions from shareholders of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquiry of all Directors and they have confirmed their compliance with the required standard set out in the Model Code during the year ended 31 December 2021.

REVIEW OF UNAUDITED ANNUAL RESULTS

The audit committee (the “**Audit Committee**”) consists of the three independent non-executive Directors, namely Mr. Poon Kwok Hing, Albert (Chairman of the Audit Committee), Mr. Kwok Ka Lap, Alva and Mr. Sin Chi Fai.

As disclosed in the announcement of the Company dated 21 March 2022, the auditing process for the annual results for the year ended 31 December 2021 has not been completed due to the COVID-19 Coronavirus outbreak. The unaudited annual results contained herein have not been agreed by the Company’s auditors as required under Rule 13.49(2) of the Listing Rules. An announcement relating to the audited annual results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results contained herein have been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT(S)

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to the audited results for the year ended 31 December 2021 as agreed by the Company’s auditors and the material differences (if any) as compared with the unaudited annual results contained herein. The Company will issue further announcement as and when necessary if there are other material development in the completion of the auditing process.

ANNUAL GENERAL MEETING

The date of the annual general meeting of the Company (the “AGM”) will be announced in due course. Shareholders of the Company should refer to details regarding the AGM in the circular of the Company, the notice of AGM and form of proxy accompanying thereto to be dispatched by the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the website of the Company at www.gbadydynamic.com and the website Hong Kong Exchange and Clearing Limited at www.hkexnews.hk. The annual report will be dispatched to the shareholders of the Company and available on the above websites in due course.

The financial information contained in this announcement in respect of the annual results of the Group have not been audited nor agreed with the Company’s auditors. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
**GREATER BAY AREA DYNAMIC
GROWTH HOLDING LIMITED**
Lai Tsz Wah
Managing Director

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Tam Chung Sun (*Chairman*)
Mr. Lai Tsz Wah (*Managing Director*)

Independent Non-executive Directors:

Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai