

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



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)

**ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021
AND
RESUMPTION OF TRADING**

References are made to the announcements of GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED (the “**Company**”, together with its subsidiaries, the “**Group**”) (i) dated 31 March 2022 in relation to, among other things, the unaudited annual results for the year ended 31 December 2021 (the “**Unaudited Results Announcement**”) and (ii) dated 4 April 2022, 28 April 2022 and 24 May 2022 in relation to, among other things, the further delay in publication of audited annual results announcement and annual report (together, the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The auditor of the Group (the “**Auditor**”), McMillan Woods (Hong Kong) CPA Limited, has completed the audit process on the Group’s consolidated financial statements for the year ended 31 December 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to draw attention to the Shareholders and potential investors that the 2021 Annual Results has no material differences with the unaudited annual results contained in the Unaudited Annual Results Announcement.

The Board hereby announces the audited consolidated results of the Group for the year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the Year Ended 31 December 2021

	<i>Notes</i>	2021 HK\$'000	2020 <i>HK\$'000</i>
CONTINUING OPERATIONS			
Revenue	4	79,067	67,156
Cost of sales		<u>(38,683)</u>	<u>(55,823)</u>
Gross profit		40,384	11,333
Other income, gains and losses, net	6	28,162	12,336
Gain on disposal of subsidiaries		15,045	55,685
Impairment loss on property, plant and equipment		–	(28,992)
Loss on fair value changes of investment properties	14	(33,483)	(37,342)
Selling and distribution expenses		(327)	(284)
Administrative and other operating expenses		(84,699)	(78,521)
Finance costs	7	<u>(3,330)</u>	<u>(1,762)</u>
Loss before tax		(38,248)	(67,547)
Income tax (expenses)/credit	8	<u>(22)</u>	<u>9</u>
Loss for the year from continuing operations	10	(38,270)	(67,538)
DISCONTINUED OPERATION			
Loss for the year from discontinued operation	9	<u>–</u>	<u>(15,892)</u>
Loss for the year		<u>(38,270)</u>	<u>(83,430)</u>
Other comprehensive income/(expenses) for the year			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		10,310	16,455
Exchange differences reclassified to profit or loss upon disposal of subsidiaries		<u>–</u>	<u>(19,153)</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Other comprehensive income/(expenses) for the year		<u>10,310</u>	<u>(2,698)</u>
Total comprehensive expenses for the year		<u>(27,960)</u>	<u>(86,128)</u>
Loss for the year attributable to owners of the Company:			
– From continuing operations		(33,410)	(57,440)
– From discontinued operation		<u>–</u>	<u>(14,208)</u>
		<u>(33,410)</u>	<u>(71,648)</u>
Loss for the year attributable to non-controlling interests:			
– From continuing operations		(4,860)	(10,098)
– From 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 expenses for the year attributable to:			
Owners of the Company		(21,359)	(70,738)
Non-controlling interests		<u>(6,601)</u>	<u>(15,390)</u>
		<u>(27,960)</u>	<u>(86,128)</u>
Loss per share			
From continuing and discontinued operations			
– Basic and diluted (<i>HK\$</i>)	<i>12</i>	<u>(0.04)</u>	<u>(0.09)</u>
From continuing operations			
– Basic and diluted (<i>HK\$</i>)	<i>12</i>	<u>(0.04)</u>	<u>(0.07)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		189,993	211,996
Right-of-use assets		812	2,609
Other investment	<i>13</i>	6,013	–
Investment properties	<i>14</i>	22,000	55,000
		<u>218,818</u>	<u>269,605</u>
Current assets			
Inventories		865	908
Trade and other receivables	<i>15</i>	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	<i>9</i>	–	2,951
		<u>1,853,642</u>	<u>1,853,400</u>
Current liabilities			
Trade and other payables	<i>16</i>	46,559	36,911
Interest-bearing borrowing	<i>17</i>	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	<i>9</i>	–	1,376
		<u>88,289</u>	<u>82,293</u>

	<i>Notes</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
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>
Non-current liabilities			
Deferred tax liabilities		20,709	24,033
Lease liabilities		<u>–</u>	<u>871</u>
		<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	<i>18</i>	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

Great Bay Area Dynamic Growth Holding Limited (the “**Company**”) is incorporated in Bermuda as an exempted company with limited liability and its issued 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 are referred to as the “**Group**”) are principally engaged in the businesses of hotel operations and trading of securities.

Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) which functional currency is Renminbi (“**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.

The English names of all the companies established in the PRC presented in these consolidated financial statements represent the best efforts made by the directors of the Company for the translation of the Chinese names of these companies to English names as they do not have official English names.

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

Amendments to HKFRSs that are mandatorily effective for the current year

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:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	<i>Interest rate benchmark reform — phase 2</i>
Amendment to HKFRS 16	<i>Covid-19-related rent concessions</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.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ³
Amendments to HKFRS 3	Reference to Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ²

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for annual periods beginning on or after 1 January 2023.

⁴ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all these new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. The consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”) and by the Hong Kong Companies Ordinance.

4. REVENUE

The Group owns/leases and operates hotels and provides hotel management and related services. The Group also owns investment properties for property rental business. Revenue recognised in the consolidated financial statements during the year are as follows:

	2021	2020
	HK\$'000	HK\$'000
Continuing operations		
Hotel operations in the PRC:		
– Hotel rooms	23,690	26,884
– Food & beverage	7,976	8,622
	<hr/>	<hr/>
Revenue from contract with customers	31,666	35,506
Rental income from leases	47,401	31,650
	<hr/>	<hr/>
Total revenue	79,067	67,156
	<hr/> <hr/>	<hr/> <hr/>
Revenue from contract with customers by geographical markets		
– the PRC	31,666	35,506
	<hr/> <hr/>	<hr/> <hr/>
Timing of recognition of revenue from contract with customers		
– At a point in time	7,976	8,622
– Over time	23,690	26,884
	<hr/>	<hr/>
	31,666	35,506
	<hr/> <hr/>	<hr/> <hr/>
Discontinued Operation (<i>note 9(b)</i>)		
Hotel operations in Hong Kong:		
– Hotel rooms	–	22,110
– Food & beverage	–	654
	<hr/>	<hr/>
	–	22,764
	<hr/> <hr/>	<hr/> <hr/>
Revenue from contract with customers by geographical markets		
– Hong Kong	–	22,764
	<hr/> <hr/>	<hr/> <hr/>
Timing of recognition of revenue from contract with customers		
– At a point in time	–	654
– Over time	–	22,110
	<hr/>	<hr/>
	–	22,764
	<hr/> <hr/>	<hr/> <hr/>

Performance obligations for contracts with customers

The Group's revenue from contracts with customers consist of hotel rooms and food and beverage.

The transaction price of hotel rooms and food and beverage is the amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for food and beverage.

The Group has certain contracts that include multiple goods and services, such as packages that bundle food and beverage and other services with hotel stays. For such arrangements, the Group allocates revenue to each good or service based upon its relative standalone selling price. The Group primarily determines the standalone selling price of hotel rooms and food and beverage based upon the amount that the Group charges when each is sold separately in similar circumstances to similar customers.

The Group elects to apply the practical expedient under HKFRS 15 and does not disclose the amount of the transaction price allocated to the remaining obligations for contracts with an original expected duration for one year or less or contracts for hotel operations.

Leases

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
For operating leases:		
Lease payments that are fixed	<u>47,401</u>	<u>31,650</u>

No contingent rental is included in operating lease income.

The Group leases out various offices, warehouses, advertising spaces, restaurants and retail stores under operating leases. The leases typically run for an initial period of one to eight years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of the group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

5. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided and activities carried out by the Group’s operating divisions.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable segments under HKFRS 8 Operating Segments are as follows:

- 1) Hotel operations – hotel accommodation, food and beverage services and rental income from rentals of shop units situated in the hotels of the Group and from rentals of investment properties in the PRC and Hong Kong; and
- 2) Securities trading – trading of equity securities.

Segment revenues and results

The following is analysis of the Group’s revenue and results by reportable segments:

Year ended 31 December 2021

	Continuing operations			Discontinued Operation	Consolidated HK\$’000
	Hotel operations in the PRC HK\$’000	Securities trading HK\$’000	Subtotal HK\$’000	Hotel operations in Hong Kong HK\$’000	
Segment revenue	<u>79,067</u>	<u>-</u>	<u>79,067</u>	<u>-</u>	<u>79,067</u>
Segment (loss)/profit excluding depreciation of property, plant and equipment and right-of-use assets, impairment loss on property, plant and equipment and loss on fair value changes of investments held for trading	40,384	48	40,432	-	40,432
Depreciation of property, plant and equipment	(28,984)	-	(28,984)	-	(28,984)
Depreciation of right-of-use assets	(1,809)	-	(1,809)	-	(1,809)
Changes in fair value of investments held for trading	-	20	20	-	20
Segment gain/(loss)	<u>9,591</u>	<u>68</u>	<u>9,659</u>	<u>-</u>	<u>9,659</u>
Unallocated income and expenses					
Directors’ emoluments					(2,348)
Interest income on bank deposits					20,368
Loss on fair value changes of investment properties					(33,483)
Gain on disposal of subsidiaries					15,045
Central administrative costs and unallocated corporate expenses					<u>(47,489)</u>
Loss before tax					<u><u>(38,248)</u></u>

Year ended 31 December 2020

	Continuing operations			Discontinued Operation	Consolidated HK\$'000
	Hotel operations in the PRC HK\$'000	Securities trading HK\$'000	Subtotal HK\$'000	Hotel operations in Hong Kong HK\$'000	
Segment revenue	<u>67,156</u>	<u>–</u>	<u>67,156</u>	<u>22,764</u>	<u>89,920</u>
Segment (loss)/profit excluding depreciation of property, plant and equipment and right-of- use assets, impairment loss on property, plant and equipment and loss on fair value changes of investments held for trading	(16,243)	(11)	(16,254)	13,643	(2,611)
Depreciation of property, plant and equipment	(28,803)	–	(28,803)	(142)	(28,945)
Depreciation of right-of-use assets	(382)	–	(382)	(29,393)	(29,775)
Impairment loss on property, plant and equipment	(28,992)	–	(28,992)	–	(28,992)
Loss on fair value changes of investments held for trading	<u>–</u>	<u>(73)</u>	<u>(73)</u>	<u>–</u>	<u>(73)</u>
Segment loss	<u>(74,420)</u>	<u>(84)</u>	<u>(74,504)</u>	<u>(15,892)</u>	<u>(90,396)</u>
Unallocated income and expenses					
Directors' emoluments					(3,321)
Interest income on bank deposits					20,133
Loss on fair value changes of investment properties					(37,342)
Gain on disposal of subsidiaries					55,685
Central administrative costs and unallocated corporate expenses					<u>(28,198)</u>
Loss before tax					<u>(83,439)</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss represents the loss from each segment without allocation of directors' emoluments, interest income on bank deposits, loss on fair value changes of investment properties, gain on disposal of subsidiaries and central administrative costs and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Segment assets		
Hotel operations in the PRC	261,713	240,966
Securities trading	—	123
	<hr/>	<hr/>
Total segment assets	261,713	241,089
Investment properties in the PRC	22,000	55,000
Bank balances and cash	1,782,734	1,813,337
Assets classified as held for sale (<i>note 9(b)</i>)	—	2,951
Other unallocated assets	6,013	10,628
	<hr/>	<hr/>
Consolidated assets	2,072,460	2,123,005
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Hotel operations in the PRC	48,175	41,675
Securities trading	—	—
	<hr/>	<hr/>
Total segment liabilities	48,175	41,675
Tax payables	18,114	18,113
Deferred tax liabilities	20,709	24,033
Interest-bearing borrowing	22,000	22,000
Liabilities associated with assets classified as held for sale (<i>note 9(b)</i>)	—	1,376
Other unallocated liabilities	—	—
	<hr/>	<hr/>
Consolidated liabilities	108,998	107,197
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than investment properties, bank balances and cash, assets classified as held for sale and other unallocated assets; and
- all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities, interest-bearing borrowing, liabilities associated with assets classified as held for sale and other unallocated liabilities.

Other segment information

Year ended 31 December 2021

	Continuing operations		Discontinued	Unallocated	Consolidated
	Hotel operations in the PRC	Securities trading	operation Hotel operations in Hong Kong		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment loss or segment assets:					
Addition to property, plant and equipment	541	-	-	-	541
Depreciation of property, plant and equipment	28,984	-	-	-	28,984
Depreciation of right-of-use assets	410	-	-	1,399	1,809
Loss on disposal of property, plant and equipment	5	-	-	-	5
	<u>560</u>	<u>-</u>	<u>-</u>	<u>1,399</u>	<u>560</u>

Year ended 31 December 2020

	Continuing operations		Discontinued	Unallocated	Consolidated
	Hotel operations in the PRC	Securities trading	operation Hotel operations in Hong Kong		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment loss or segment assets:					
Addition to property, plant and equipment	213	-	-	-	213
Depreciation of property, plant and equipment	28,803	-	142	315	29,260
Depreciation of right-of-use assets	382	-	29,393	1,405	31,180
Impairment loss on property, plant and equipment	28,992	-	-	-	28,992
Loss on disposal of property, plant and equipment	15	-	-	-	15
	<u>29,403</u>	<u>-</u>	<u>29,535</u>	<u>1,405</u>	<u>30,343</u>

Geographical information

The Group's operations are located in Hong Kong and the PRC.

Information about the Group's revenue from external customers is presented based on the location of operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

As of and for the year ended 31 December 2021

	Continuing operations			Discontinued operation	Unallocated	Consolidated
	Hotel operations in the PRC	Securities trading	Subtotal	Hotel operations in Hong Kong		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>79,067</u>	<u>-</u>	<u>79,067</u>	<u>-</u>	<u>-</u>	<u>79,067</u>
Non-current assets	<u>218,818</u>	<u>-</u>	<u>218,818</u>	<u>-</u>	<u>-</u>	<u>218,818</u>

As of and for the year ended 31 December 2020

	Continuing operations			Discontinued operation	Unallocated	Consolidated
	Hotel operations in the PRC	Securities trading	Subtotal	Hotel operations in Hong Kong		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	<u>67,156</u>	<u>-</u>	<u>67,156</u>	<u>22,764</u>	<u>-</u>	<u>89,920</u>
Non-current assets	<u>267,755</u>	<u>1,850</u>	<u>269,605</u>	<u>(note below)</u>	<u>-</u>	<u>269,605</u>

Note: The non-current assets attributable to Discontinued Operation are set out in note 9(b).

Information about major customers

No single customer contributed over 10% of the total revenue of the Group for both years.

6. OTHER INCOME, GAINS AND LOSSES, NET

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Gain/(loss) from changes in fair value of financial assets mandatorily measured at FVTPL – held for trading	20	(73)
Net foreign exchange loss	(8)	(24)
Interest income on bank deposits	20,368	20,133
Other services income	6,500	1,000
Sundry income	1,287	1,147
Loss on disposal of property, plant and equipment	(5)	(15)
Government grant	–	668
Impairment losses on other receivables	–	(10,500)
	<u>28,162</u>	<u>12,336</u>

During the year ended 31 December 2020, the Group recognised government grants of HK\$668,000 in respect of COVID-19 related subsidies under the Employment Support Scheme provided by the Government of Hong Kong Special Administrative Region.

7. FINANCE COSTS

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Interest on lease liabilities	1,680	208
Interest on interest-bearing borrowing	1,650	1,554
	<u>3,330</u>	<u>1,762</u>

8. INCOME TAX EXPENSES/(CREDIT)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Continuing operations		
Current tax:		
– PRC Enterprise Income Tax	–	963
– PRC withholding tax	–	6,850
Under provision in prior years:		
– PRC Enterprise Income Tax	–	98
	–	7,911
Deferred tax:		
– Current year	22	(7,920)
	<u>22</u>	<u>(9)</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the years ended 31 December 2021 and 2020.

No provision for taxation in Hong Kong has been made as the Group has no assessable profit arising in Hong Kong for the years ended 31 December 2021 and 2020.

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 December 2021 and 2020.

PRC withholding tax represents withholding tax on the estimated capital gain tax arising from the disposal of interest in subsidiaries.

9. DISCONTINUED OPERATION/DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Disposal of Luoyang Golden Gulf Hotel Company Limited

On 23 November 2018, Shropshire Property Limited (“**Shropshire Property**”), an indirect wholly-owned subsidiary of the Company and Luoyang Dinghe Electric Construction Company Limited (洛陽鼎和電力建設有限公司)(the “**Purchaser**”) entered into a sale and purchase agreement (the “**Luoyang Golden Disposal Agreement**”), pursuant to which Shropshire Property has conditionally agreed to dispose to the Purchaser of its entire equity interest in Luoyang Golden Gulf Hotel Company Limited (洛陽金水灣大酒店有限公司)(“**Luoyang Golden Gulf**”), a 60% owned subsidiary of Shropshire Property, and its subsidiary (together as the “**Luoyang Golden Gulf Group**”), at a consideration of RMB61,000,000 (equivalent to approximately HK\$68,500,000) (the “**Luoyang Golden Gulf Disposal**”).

On 22 May 2019, the Purchaser and Shropshire Property entered into a supplemental agreement to extend the long stop date to 10 months from the date of the Luoyang Golden Gulf Disposal Agreement, with all terms and conditions remain unchanged. A deposit of RMB21,000,000 (equivalent to approximately HK\$23,906,000) was received by the Company in November 2018 and included in “trade and other payables” as at 31 December 2019.

The major asset of the Luoyang Golden Gulf Group is Luoyang Golden Gulf Hotel situated in Luoyang in the PRC. The assets and liabilities attributable to the Luoyang Golden Gulf Group, which was expected to be sold within twelve months subsequent to the end of reporting period 31 December 2019, had been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position at 31 December 2019.

The Luoyang Golden Gulf Disposal was complete on 26 February 2020. The Company did not include the profit or loss of the Luoyang Golden Gulf Group from 1 January 2020 to 28 February 2020 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020 separately which has been included in the gain on disposal of the Luoyang Golden Gulf Group after taxation of HK\$44,912,000.

Further details of the above are set out in the Company’s announcements dated 26 November 2018 and 23 May 2019, circular dated 4 November 2019, and annual reports of the Company for the year ended 31 December 2019 and 31 December 2020 dated 27 May 2020 and 30 April 2021, respectively.

(b) **Disposal of Rosedale Park**

On 1 January 2021, Rosedale Hotel Group Limited (“**Rosedale Hotel Group**”), an indirect subsidiary of the Company, and Kocan Investment Limited (“**Kocan**”) entered into a sale and purchase agreement, pursuant to which Rosedale Hotel Group has agreed to dispose to Kocan of its entire equity interest in Rosedale Park Limited (“**Rosedale Park**”), a 100% owned subsidiary of Rosedale Hotel Group, at a consideration of net current asset value of Rosedale Park at the completion date (the “**Rosedale Park Disposal**”).

The assets and liabilities attributable to Rosedale Hotel which are expected to be sold within twelve months subsequent to the end of reporting period 31 December 2020, have been classified as a disposal company held for sale and are presented separately in the consolidated statement of financial position at 31 December 2020. The net proceeds of the Rosedale Park Disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised as at 31 December 2020.

In view the operation of Rosedale Park represents a separate major geographical area of operations, i.e. the “Hotel operations in Hong Kong” and thus the “Hotel Operations in Hong Kong is therefore reclassified to discontinued operation in the consolidated statement of profit or loss and other comprehensive income (i.e. the “**Discontinued Operation**”) for the year ended 31 December 2020 and thus its net results for the year and the prior years’ comparatives are excluded from the Continuing Operations as one-line item below net loss of the continuing operations.

The Rosedale Park Disposal was completed on 1 January 2021 (the “**Date of Disposal**”) and no gain or loss on disposal of Rosedale Park was recognised.

The profit or loss from 1 January 2020 to the Date of Disposal attributable to Rosedale Hotel are set out as below.

Profit or loss attributable to the Discontinued Operation

	1 January 2021 <i>HK\$’000</i>	2020 <i>HK\$’000</i>
Revenue	–	22,764
Direct operating costs	–	(42,138)
Gross loss	–	(19,374)
Other income and losses	–	17,585
Distribution and selling expense	–	(169)
Administrative and other operating expenses	–	(12,744)
Finance costs	–	(1,190)
Loss before tax	–	(15,892)
Income tax expense	–	–
Loss for the year from discontinued operation	–	(15,892)

Cash flows attributable to the Discontinued Operation:

	1 January 2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net cash inflows from operating activities	–	9,724
Net cash inflows from investing activities	–	–
Net cash outflows from financing activities	–	(13,475)
	<hr/>	<hr/>
Net cash outflows	<u>–</u>	<u>(3,751)</u>

Assets and liabilities classified as held for sale

The major classes of assets and liabilities of Rosedale Park as at 31 December 2020, which have been classified as held for sale and presented separately in the consolidated statement of financial position and the carrying amounts of the assets and liabilities of, Rosedale Park as at 31 December 2020 are as follows:

	As at 31 December 2020 <i>HK\$'000</i>
Inventories	80
Trade and other receivables	1,398
Bank balances and cash	<hr/> 1,473
Assets classified as held for sale	<u><u>2,951</u></u>
Trade and other payables	1,319
Contract liabilities	<hr/> 57
Liabilities directly associated with assets classified as held for sale	<u><u>1,376</u></u>

10. LOSS FOR THE YEAR

	2021	2020
	HK\$'000	HK\$'000
Depreciation of property, plant and equipment	28,984	29,118
Depreciation of right-of-use assets	1,809	1,787
	<u> </u>	<u> </u>
Total depreciation	30,793	30,905
	<u> </u>	<u> </u>
Impairment loss recognised in respect of:		
– Property, plant and equipment	–	28,992
– Other receivables	–	10,500
	<u> </u>	<u> </u>
Total impairment losses	–	39,492
	<u> </u>	<u> </u>
Auditor's remuneration	1,435	2,100
Cost of inventories recognised as an expense	8,945	9,401
Employee benefits expenses	29,925	30,388
Gross rental income from investment properties less negligible outgoings (included in revenue)	(25,237)	(15,695)
Hotel management fee	6,500	10,308
	<u> </u>	<u> </u>

11. DIVIDENDS

	2021	2020
	HK\$'000	HK\$'000
Dividends for ordinary shareholders of the Company recognised as distribution during the year:		
Nil (2020: 2019 Special dividend HK\$2.5 cents per share)	–	19,730
	<u> </u>	<u> </u>

The directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2021 (2020: Nil) nor has any dividend been proposed since the end of the reporting period.

12. LOSS PER SHARE

From continuing operations 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>33,410</u>	<u>71,648</u>

Number of shares

	2021	2020
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>789,211,046</u>	<u>789,211,046</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
Less: 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.

From discontinued operations

For the year ended 31 December 2020, basic and diluted loss per share for the discontinued operation attributable to owners of the Company was HK\$0.02 per share, based on the loss for the year from discontinued operation attributable to owners of the Company of HK\$14,208,000 and the number of shares detailed above for the calculation of both basic and diluted loss per share.

13. OTHER INVESTMENT

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Unlisted Equity investment	<u>6,013</u>	<u>–</u>

The above unlisted equity investment represent the Group's equity interest in a private entity established in PRC, 廣州市翹豐企業發展有限公司 (“翹豐”). The directors of the Company have elected to designate this investment in equity instrument as at FVTOCI as they believe that recognizing short-term fluctuations in the investment in profit or loss would not be consistent with the Group's strategy of holding the investment for long term investment purpose and realizing the performance potential in the long run.

The directors of the Company assessed whether the Group has control over 翹豐 based on whether the Group has the practical ability to direct the relevant activities of 翹豐 unilaterally. After assessment, the directors of the Company concluded that the Group does not have control over 翹豐.

14. INVESTMENT PROPERTIES

	<i>HK\$'000</i>
Fair value	
At 1 January 2020	90,000
Exchange adjustments	2,342
Net decrease in fair value recognised in profit or loss	<u>(37,342)</u>
At 31 December 2020	55,000
Exchange adjustments	483
Net decrease in fair value recognised in profit or loss	<u>(33,483)</u>
At 31 December 2021	<u>22,000</u>

15. TRADE AND OTHER RECEIVABLES

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables		
– Contracts with customers	519	1,140
– Operating lease receivables	241	242
	<u>760</u>	<u>1,382</u>
Other receivables	51,694	42,125
Less: Impairment losses recognised	<u>–</u>	<u>(10,500)</u>
	<u>51,694</u>	<u>31,625</u>
Rental and utility deposits	1,231	1,250
Prepayments and other deposits	16,358	1,831
Total trade and other receivables	<u>70,043</u>	<u>36,088</u>

The following is an aged analysis of trade receivables presented based on the invoice dates.

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 30 days	749	1,063
31 – 60 days	5	272
61 – 90 days	6	43
Over 90 days	<u>–</u>	<u>4</u>
	<u>760</u>	<u>1,382</u>

The Group generally grants credit period up to 30 days to its customers upon issuance of invoice.

At 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$11,000 (2020: HK\$319,000) which are past due as at the reporting date. Out of the past due balances, HK\$Nil (2020: HK\$4,000) has been past due 90 days or more and is not considered as in default since the Group has reasonable information to support the amounts are fully recoverable.

At 31 December 2021, included in other receivable are unsecured loan to 翹豐 of HK\$39,631,000 (2020: Nil), which is interest-bearing at 5% per annum and repayable on 31 May 2023.

16. TRADE AND OTHER PAYABLES

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Trade payable	<u>2,737</u>	<u>4,411</u>
Other payables:		
Deposit received	5,889	6,870
Accrued expenses	13,341	11,463
Other tax payables	805	556
Other payables	<u>23,787</u>	<u>13,611</u>
	<u>43,822</u>	<u>32,500</u>
	<u><u>46,559</u></u>	<u><u>36,911</u></u>

The following is an aged analysis of trade payables presented based on the invoice dates.

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
0 – 30 days	1,123	1,062
31 – 60 days	542	762
61 – 90 days	187	442
Over 90 days	<u>885</u>	<u>2,145</u>
	<u><u>2,737</u></u>	<u><u>4,411</u></u>

The credit period on purchases of goods ranged from 30 to 60 days.

17. INTEREST-BEARING BORROWING

The interest-bearing borrowing at 31 December 2021 represents a borrowing from a financial institution with principal balance of HK\$22,000,000 (2020: HK\$22,000,000), carries fixed interest at 15% per annum and repayable within one year. The interest-bearing borrowing is secured by the Group's interests over certain subsidiaries.

18. SHARE CAPITAL OF THE COMPANY

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The market was facing multiple risks in 2021. 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. Other than the impacts of the COVID-19 pandemic, it is important to note the tension between the United States (the “US”) and the People’s Republic of China (the “PRC”) remained intense.

From the domestic perspective, the PRC led the global economic recovery with effective epidemic prevention mechanism and the advantages of a complete industry chain and has avoided adverse impact of bigger waves of Delta and Omicron infection that delayed progress elsewhere and has pushed ahead in economic recovery, driven by rising domestic demand. Judging from that, the PRC is expected to remain as one of the key growth drivers of the world and continued to manage a growth in 2021. The PRC’s gross domestic product 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. Meanwhile, there were approximately 128 million of people entered/exited through the immigration clearance in the PRC during the year ended 31 December 2021, which represented only a decrease of approximately 3%, as compared to year-on-year of 2020.

FINANCIAL REVIEW

During the year ended 31 December 2021, the Group’s business and financial performance had been continuedly impacted by the COVID-19 pandemic with the travel restrictions, revenue of the Group attained HK\$79.1 million, representing an increase of 17.7% as compared to 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 HK\$38.3 million (2020: HK\$83.4 million) which was mainly attributable to administrative and other operating expenses of HK\$84.7 million (2020: HK\$78.5 million); distribution and selling expenses of HK\$0.3 million (2020: HK\$0.3 million); finance costs of HK\$3.3 million (2020: HK\$1.8 million); loss on fair value changes of investment properties of HK\$33.5 million (2020: HK\$37.3 million) and income tax expense of HK\$22,000 (2020: income tax credit of HK\$9,000); partially offset by gross profit of HK\$40.4 million (2020: HK\$11.3 million); gain on disposal of subsidiaries of HK\$15.0 million (2020: HK\$55.7 million); other income, gains and losses, net of 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 increased by 17.7% to HK\$79.1 million for the year ended 31 December 2021 (Year ended 31 December 2020: HK\$67.2 million). The combined average occupancy rate of the Group decreased by 13.6% to 24.4% for the year ended 31 December 2021 (Year ended 31 December 2020: 38.0%). 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 HK\$0.1 million for the year ended 31 December 2021 (Year ended 31 December 2020: segment loss of HK\$0.1 million), mainly representing fair value gain of investments held for trading.

LIQUIDITY AND FINANCIAL RESOURCES

The COVID-19 pandemic has impacted and will continue to impact materially our business, financial condition and results of operations. While we believe strong liquidity position will enable us to fund our current obligations for the foreseeable future. As at 31 December 2021, the Group's cash and bank balances and investments held for trading amounted to HK\$1,782.7 million (31 December 2020: HK\$1,813.5 million). The Group has interest-bearing borrowings amounted to 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 HK\$1,853.6 million and 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 announcement at the third 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, under the dynamic clearing policy and with the help of the stringent prevention measures implemented domestically and 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 foreseen during the last quarter of 2022. Meanwhile, we will continue to cooperate with the government and participate in any other government schemes and plans available to our hotels from time to time to battle the pandemic. Besides seeking further high-quality hotel investment opportunities, the Group shall look into other business segments with high growth potentials including commercial and residential property development projects in the PRC to enhance the return of the Company and shareholders of the Company as a whole.

FINAL DIVIDEND

The Board has resolved not to recommend a final dividend for the year ended 31 December 2021 (2020: Nil).

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.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2021 including the accounting principles and practices adopted by the Group, have been reviewed by the audit committee of the Company (the “**Audit Committee**”) and audited by the auditor of the Company (the “**Auditor**”), McMillan Woods (Hong Kong) CPA Limited.

SCOPE OF WORK OF MCMILLAN WOODS (HONG KONG) CPA LIMITED

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

AUDIT OPINION

The Auditor has issued a qualified opinion on the consolidated financial statements of the Group for the period under audit. An extract of the independent auditor's report is set out in the section headed “**EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**” below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Qualified opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

During the year ended 31 December 2021, the Group recognised a financial asset at fair value through profit or loss for an unlisted equity investment in 廣州市翹豐企業發展有限公司 (“翹豐發展”) amounted to RMB5,011,000 (equivalent to approximately HK\$6,013,000) pursuant to a shares transfer agreement entered into with an independent third party of the Group (the “**Equity Investment**”) in 2021. The Group also recognised an advance to 翹豐發展 amounted to RMB32,748,000 (equivalent to approximately HK\$39,297,000) pursuant to an advance agreement (the “**Advance Agreement**”) entered in 2021, which was included in “trade and other receivables” as at 31 December 2021.

Having consideration of our knowledge obtained in the audit relating to the Equity Investment, Advance Agreement and financial information of 翹豐發展, we observed that (i) the Group owns 65% equity interest in 翹豐發展; (ii) the Group has no assignment of director on the board of directors in 翹豐發展; and (iii) the Group is one of the major creditors of 翹豐發展. The assessment of whether the Group exercise significant influence over 翹豐發展 involves significant judgements made by management, to conclude the classification of the Equity Investment in the consolidated financial statements of the Group as at 31 December 2021.

As at the date of approval of this report, we were unable to obtain sufficient appropriate audit evidence regarding the commercial substance and business rationale of the abovementioned transactions that led to the (i) classification of the Equity Investment as financial asset at fair value through profit or loss in accordance with HKFRS 9 or interest in associate in accordance with HKAS 28 for the year ended 31 December 2021; and (ii) measurement of the Equity Investment at fair value under HKFRS 9 or equity method under HKAS 28. In view of the significant of and the potential interaction of the transactions described above and their possible cumulative effects on the consolidated financial statements, we were unable to obtain sufficient appropriate audit evidence to quantify the financial impact and any adjustments to the figures as described above might have a significant consequential effect on the Group’s financial performance and cash flows for the years ended 31 December 2021 and the financial position of the Group as at 31 December 2021, and the related disclosures thereof in the consolidated financial statements. And there were no alternative audit procedures that we could perform to satisfy ourselves as to whether the abovementioned transactions were free from material misstatement. Accordingly, we issued a qualified opinion on the consolidated financial statement of the Group for the year ended 31 December 2021.

ADDITIONAL INFORMATION RELATING TO THE QUALIFIED OPINION

The Audit Committee noticed that during the course the preparation of the financial statements of the Company and its subsidiaries for the year ended 31 December 2021, the Company was unable to obtain sufficient financial information for the Company to consolidated the results, assets and liabilities of 翹豐發展 into the financial statements of the Company. In addition, the Company could not reach a consensus with the other two shareholders of 翹豐發展 on the development plan of the properties held by 翹豐發展 and did not manage to change the authorised representative (法人代表) of 翹豐發展. Since the Company could not exercise control over 翹豐發展, it would be more appropriate to account for the investment in 翹豐發展 as a financial asset at fair value through profit or loss in accordance with HKFRS 9 in the financial statement of the Company for the year ended 31 December 2021. The Audit Committee assessed and has a view that the financial impact on the method of accounting for 翹豐發展 did not have a significant impact to the profit and loss and the financial position of the Company for the year ended 31 December 2021.

A disposal agreement (“**Disposal Agreement**”) was entered into by the Company and an independent third party for the disposal of the Company’s 65% interest held in 翹豐發展 after 31 December 2021 prior to the date of this announcement.

The Company has mutually agreed with 翹豐發展 whereas 翹豐發展 shall repay in full the RMB32,748,000 (equivalent to HK\$39,297,000) by instalments by the end of 2022. At the date of this announcement, approximately RMB15,440,000 has been settled by 翹豐發展 to the Company.

THE AUDIT COMMITTEE’S VIEW TOWARDS THE AUDIT QUALIFICATION

The Audit Committee assessed and agreed that the qualified opinion shall not have any impact on the results of the Company for the year ending 31 December 2022 and the financial position of the Company as at 31 December 2022 upon completion of the Disposal Agreement and the recovery of the advance.

With regards to the audit qualification, (i) the Audit Committee communicated with the Auditor in detail during the meeting on 29 July 2022; (ii) the Audit Committee also reported the situation to the Board during the Board meeting on the same date; (iii) the Audit Committee and the Board both agreed that the matter is non-recurring the qualified opinion shall not have any impact on the results of the Company for the year ending 31 December 2022 and the financial position of the Company as at 31 December 2022 upon completion of the Disposal Agreement and the recovery of the advance; and (iv) neither the Company’s corporate governance, nor the impartiality of the Board and management, was impaired.

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 (deleted with effect from 1 January 2022) 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 (subsequently rearranged and renumbered as F.2.2) 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 (“**Shareholders**”).

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.

ANNUAL GENERAL MEETING

The date of the forthcoming annual general meeting of the Company (“**2022 AGM**”) will be announced in due course. Shareholders 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 AUDITED ANNUAL RESULTS AND ANNUAL REPORT 2021

This audited annual results announcement is published on the website of Hong Kong Exchanges and Clearing Limited and the Company, and the annual report of the Company for the year ended 31 December 2021 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the above websites on or before 26 August 2022.

RESUMPTION OF TRADING

At the request of the Company, trading in the shares of the Company (the “**Shares**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) has been suspended with effect from 9:00 a.m. on 20 May 2022 pending the release of this annual results announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 1 August 2022.

By order of the Board
**GREATER BAY AREA DYNAMIC
GROWTH HOLDING LIMITED**
Tam Chung Sun
Chairman

Hong Kong, 29 July 2022

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

Executive Directors:

Mr. Tam Chung Sun (*Chairman*)
Mr. Lai Tsz Wah (*Managing Director*)
Dr. Ho Chuk Man, James

Independent Non-executive Directors:

Mr. Chen Zeng Guang
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai