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*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 21)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016**

The Board of Directors (the “Board”) of Great China Properties Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 together with the selected comparative information for the corresponding period in 2015 as follows:

### **CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2016 – unaudited*

|                                           |              | <b>Six months ended 30 June</b> |                 |
|-------------------------------------------|--------------|---------------------------------|-----------------|
|                                           |              | <b>2016</b>                     | <b>2015</b>     |
|                                           | <i>Notes</i> | <i>HK\$'000</i>                 | <i>HK\$'000</i> |
| <b>REVENUE</b>                            | <b>4</b>     | <b>20,007</b>                   | 3,486           |
| Cost of sales                             |              | <u>(17,521)</u>                 | <u>(2,347)</u>  |
| <b>GROSS PROFIT</b>                       |              | <b>2,486</b>                    | 1,139           |
| Other income and gains                    | <b>4</b>     | <b>8,218</b>                    | 197             |
| Fair value gains on investment properties |              | –                               | 3,273           |
| Selling and distribution expenses         |              | <b>(6,893)</b>                  | (611)           |
| Administrative and operating expenses     |              | <b>(12,141)</b>                 | (10,784)        |
| Other operating expenses                  |              | –                               | (926)           |
| Finance costs                             | <b>5</b>     | <u>–</u>                        | <u>–</u>        |
| <b>LOSS BEFORE TAX</b>                    | <b>6</b>     | <b>(8,330)</b>                  | (7,712)         |
| Income tax credit/(expense)               | <b>7</b>     | <u><b>496</b></u>               | <u>(762)</u>    |
| <b>LOSS FOR THE PERIOD</b>                |              | <u><b>(7,834)</b></u>           | <u>(8,474)</u>  |

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2016 – unaudited

|                                                                                            | Six months ended 30 June |                      |
|--------------------------------------------------------------------------------------------|--------------------------|----------------------|
|                                                                                            | 2016                     | 2015                 |
| Notes                                                                                      | HK\$'000                 | HK\$'000             |
| <b>LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>                                                |                          |                      |
| – Owners of the Company                                                                    | (7,834)                  | (8,474)              |
| – Non-controlling interests                                                                | <u>–</u>                 | <u>–</u>             |
|                                                                                            | <u>(7,834)</u>           | <u>(8,474)</u>       |
| <b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>                                 |                          |                      |
| Other comprehensive loss that may be reclassified to profit or loss in subsequent periods: |                          |                      |
| Exchange differences arising on translation of foreign operations                          | <u>(30,157)</u>          | <u>(1,577)</u>       |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>                                             | <u>(37,991)</u>          | <u>(10,051)</u>      |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>                            |                          |                      |
| – Owners of the Company                                                                    | (37,991)                 | (10,051)             |
| – Non-controlling interests                                                                | <u>–</u>                 | <u>–</u>             |
|                                                                                            | <u>(37,991)</u>          | <u>(10,051)</u>      |
| <b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>                                |                          |                      |
| Basic and diluted                                                                          | 9 <u>(HK0.24cents)</u>   | <u>(HK0.26cents)</u> |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016 – unaudited

|                                                            |       | Unaudited<br>As at<br>30 June<br>2016<br>HK\$'000 | Audited<br>As at<br>31 December<br>2015<br>HK\$'000 |
|------------------------------------------------------------|-------|---------------------------------------------------|-----------------------------------------------------|
|                                                            | Notes |                                                   |                                                     |
| <b>NON-CURRENT ASSETS</b>                                  |       |                                                   |                                                     |
| Property, plant and equipment                              |       | 7,308                                             | 8,202                                               |
| Investment properties                                      |       | 235,383                                           | 240,384                                             |
| Goodwill                                                   |       | 212,655                                           | 217,174                                             |
| Interests in associates                                    |       | 139,941                                           | 143,051                                             |
| Properties under development                               |       | 559,158                                           | 566,282                                             |
| Prepayments                                                | 11    | 149                                               | 195                                                 |
| Total non-current assets                                   |       | 1,154,594                                         | 1,175,288                                           |
| <b>CURRENT ASSETS</b>                                      |       |                                                   |                                                     |
| Properties held for sale                                   |       | 623,411                                           | 586,074                                             |
| Trade receivables                                          | 10    | 1,732                                             | 778                                                 |
| Prepayments, deposits and other receivables                | 11    | 11,380                                            | 4,337                                               |
| Tax recoverable                                            |       | 395                                               | 399                                                 |
| Equity investments at fair value through<br>profit or loss |       | 111                                               | 105                                                 |
| Cash and bank balances                                     |       | 4,868                                             | 6,171                                               |
| Total current assets                                       |       | 641,897                                           | 597,864                                             |
| <b>CURRENT LIABILITIES</b>                                 |       |                                                   |                                                     |
| Trade payables                                             | 12    | 22,680                                            | 23,447                                              |
| Other payables and accruals                                |       | 76,761                                            | 52,318                                              |
| Interest – bearing borrowing                               |       | 43,704                                            | 44,633                                              |
| Amounts due to related companies                           |       | 114,095                                           | 118,253                                             |
| Amounts due to substantial shareholders                    |       | 367,247                                           | 319,342                                             |
| Tax payable                                                |       | 347                                               | 492                                                 |
| Total current liabilities                                  |       | 624,834                                           | 558,485                                             |
| <b>NET CURRENT ASSETS</b>                                  |       | 17,063                                            | 39,379                                              |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>               |       | 1,171,657                                         | 1,214,667                                           |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 30 June 2016 – unaudited

|                                              | Unaudited<br>As at<br>30 June<br>2016<br><i>Notes</i> <i>HK\$'000</i> | Audited<br>As at<br>31 December<br>2015<br><i>HK\$'000</i> |
|----------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------|
| <b>NON-CURRENT LIABILITIES</b>               |                                                                       |                                                            |
| Deferred tax liabilities                     | <u>179,951</u>                                                        | <u>184,970</u>                                             |
| Total non-current liabilities                | <u>179,951</u>                                                        | <u>184,970</u>                                             |
| Net assets                                   | <u>991,706</u>                                                        | <u>1,029,697</u>                                           |
| <b>EQUITY</b>                                |                                                                       |                                                            |
| Equity attributable to owners of the Company |                                                                       |                                                            |
| Share capital                                | 905,676                                                               | 905,676                                                    |
| Other reserves                               | <u>86,017</u>                                                         | <u>124,008</u>                                             |
|                                              | 991,693                                                               | 1,029,684                                                  |
| Non-controlling interests                    | <u>13</u>                                                             | <u>13</u>                                                  |
| Total equity                                 | <u>991,706</u>                                                        | <u>1,029,697</u>                                           |

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2016*

## 1. BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The principal accounting policies and methods of computation used in the preparation of the interim financial statements are consistent with the financial statements of the Group for the year ended 31 December 2015, except for the adoption of new and revised standards and interpretations with effect from 1 January 2016 as detailed in note 2 below.

The financial information relating to the financial year ended 31 December 2015 that is included in the unaudited interim results as comparative information does not constitute the Company’s statutory annual financial statements for that financial year but is derived from those accounts. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s independent auditor has reported on those financial statements. The auditor’s report was unqualified; included a reference to matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

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

The Group has adopted the following new and revised standards, amendments and interpretations (collectively referred to as the “new and revised HKFRSs”) issued by the HKICPA for the first time for these financial statements.

|                                            |                                                                      |
|--------------------------------------------|----------------------------------------------------------------------|
| HKAS 1 (Amendment)                         | Disclosure initiative                                                |
| HKAS 16 and HKAS 38 (Amendments)           | Clarification of acceptable methods of depreciation and amortisation |
| HKAS 16 and HKAS 41 (Amendments)           | Agriculture: Bearer plants                                           |
| HKAS 27 (Amendment)                        | Equity method in separate financial statements                       |
| HKFRS 10, HKFRS12 and HKAS 28 (Amendments) | Investment entities: Applying the consolidation exception            |
| HKFRS 11 (Amendment)                       | Accounting for acquisitions of interests in joint operations         |
| HKFRS 14                                   | Regulatory deferral accounts                                         |
| Annual improvements projects               | Annual improvements to HKFRSs 2012-2014 cycle                        |

The adoption of the above new and revised HKFRSs has had no significant financial effect on these interim condensed consolidated financial statements and there have been no significant changes to the accounting policies applied in these interim condensed consolidated financial statements.

The Group has not early adopted any other standard, interpretations or amendments that has been issued but is not yet effective.

### 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.

### 4. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the income from the sale of properties, gross rental income and property management income during the period.

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

|                                        | <b>Six months ended 30 June</b> |                     |
|----------------------------------------|---------------------------------|---------------------|
|                                        | <b>2016</b>                     | <b>2015</b>         |
|                                        | <b>HK\$'000</b>                 | <b>HK\$'000</b>     |
| Revenue:                               |                                 |                     |
| Sales of properties                    | <b>18,726</b>                   | 2,062               |
| Gross rental income                    | <b>915</b>                      | 1,067               |
| Property management income             | <b>366</b>                      | 357                 |
|                                        | <b><u>20,007</u></b>            | <b><u>3,486</u></b> |
| Other income and gains:                |                                 |                     |
| Bank interest income                   | <b>14</b>                       | 14                  |
| Interest income from other receivables | <b>–</b>                        | 100                 |
| Fair value gain on equity investments  |                                 |                     |
| at fair value through profit or loss   | <b>7</b>                        | 15                  |
| Foreign exchange gain, net             | <b>8,120</b>                    | –                   |
| Others                                 | <b>77</b>                       | 68                  |
|                                        | <b><u>8,218</u></b>             | <b><u>197</u></b>   |

## 5. FINANCE COSTS

An analysis of finance costs is as follows:

|                                                                           | <b>Six months ended 30 June</b> |                 |
|---------------------------------------------------------------------------|---------------------------------|-----------------|
|                                                                           | <b>2016</b>                     | <b>2015</b>     |
|                                                                           | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Interest on an entrusted loan                                             | <b>2,541</b>                    | 2,693           |
| Less: Interest capitalised under property held for sale under development | <b>(2,541)</b>                  | (2,693)         |
|                                                                           | <b>—</b>                        | <b>—</b>        |

## 6. LOSS BEFORE TAX

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

|                                                                                          | <b>Six months ended 30 June</b> |                 |
|------------------------------------------------------------------------------------------|---------------------------------|-----------------|
|                                                                                          | <b>2016</b>                     | <b>2015</b>     |
|                                                                                          | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Cost of properties sold                                                                  | <b>17,301</b>                   | 1,945           |
| Depreciation                                                                             | <b>1,295</b>                    | 1,436           |
| Minimum lease payments under operating leases on land and buildings                      | <b>2,482</b>                    | 2,076           |
| Auditors' remuneration                                                                   | <b>466</b>                      | 900             |
| Staff costs (including directors' remuneration)                                          |                                 |                 |
| Salaries and wages                                                                       | <b>6,328</b>                    | 4,072           |
| Equity-settled share option expense                                                      | <b>—</b>                        | (235)           |
| Pension scheme contributions                                                             | <b>771</b>                      | 559             |
|                                                                                          | <b>7,099</b>                    | 4,396           |
| Direct operating expenses arising from investing properties that generated rental income | <b>54</b>                       | 181             |
| Loss on disposal of items of property, plant and equipment                               | <b>75</b>                       | 111             |
| Impairment loss on loans to an associate                                                 | <b>—</b>                        | 543             |
| Fair value gains on investment properties                                                | <b>—</b>                        | (3,273)         |
| Foreign exchange gain, net                                                               | <b>(8,120)</b>                  | (134)           |

## 7. INCOME TAX CREDIT/(EXPENSE)

No provision for Hong Kong profits tax has been made as the Group incurred a loss for taxation purposes during the period ended 30 June 2016 and 2015. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdiction in which the Group operates.

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

|                                                   | <b>Six months ended 30 June</b> |                 |
|---------------------------------------------------|---------------------------------|-----------------|
|                                                   | <b>2016</b>                     | <b>2015</b>     |
|                                                   | <b>HK\$'000</b>                 | <b>HK\$'000</b> |
| Deferred tax credited/(charged) to profit or loss | <b>1,189</b>                    | (686)           |
| LAT in the PRC                                    | <b>(693)</b>                    | (76)            |
|                                                   | <u>496</u>                      | <u>(762)</u>    |
| Total tax credited/(charged) for the period       | <u>496</u>                      | <u>(762)</u>    |

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (Six months ended 30 June 2015: Nil).

## 9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

|                                                                                   | <b>Six months ended 30 June</b> |             |
|-----------------------------------------------------------------------------------|---------------------------------|-------------|
|                                                                                   | <b>2016</b>                     | <b>2015</b> |
| Loss for the period attributable to owners of the Company ( <i>HK\$ million</i> ) | <b>(7.83)</b>                   | (8.47)      |
| Weighted average number of ordinary shares in issue ( <i>Million</i> )            | <b>3,312.7</b>                  | 3,312.7     |
| Basic and diluted loss per share ( <i>HK cent per share</i> )                     | <b>(0.24)</b>                   | (0.26)      |

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

The Company's share options have no dilutive effect for the periods ended 30 June 2016 and 2015 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for both periods.

## 10. 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>As at<br/>30 June<br/>2016<br/>HK\$'000</b> | <b>As at<br/>31 December<br/>2015<br/>HK\$'000</b> |
|----------------|------------------------------------------------|----------------------------------------------------|
| Within 30 days | <b>503</b>                                     | 494                                                |
| 31 – 60 days   | <b>23</b>                                      | 20                                                 |
| 61 – 90 days   | <b>654</b>                                     | 16                                                 |
| Over 90 days   | <b>552</b>                                     | 248                                                |
|                | <b><u>1,732</u></b>                            | <b><u>778</u></b>                                  |

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

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

|                                                      | As at<br>30 June<br>2016<br>HK\$'000 | As at<br>31 December<br>2015<br>HK\$'000 |
|------------------------------------------------------|--------------------------------------|------------------------------------------|
| Prepayments                                          | 3,112                                | 995                                      |
| Deposit paid                                         | 356                                  | 975                                      |
| Other receivables                                    | 9,564                                | 4,097                                    |
|                                                      | <u>13,032</u>                        | <u>6,067</u>                             |
| Less: Provisions for impairment of other receivables | (1,503)                              | (1,535)                                  |
|                                                      | <u>11,529</u>                        | <u>4,532</u>                             |
| Less: Non-current portion                            | (149)                                | (195)                                    |
|                                                      | <u>11,380</u>                        | <u>4,337</u>                             |

## 12. 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:

|                | As at<br>30 June<br>2016<br>HK\$'000 | As at<br>31 December<br>2015<br>HK\$'000 |
|----------------|--------------------------------------|------------------------------------------|
| Within 30 days | 95                                   | 78                                       |
| 31 – 60 days   | 285                                  | 7                                        |
| 61 – 90 days   | 6                                    | 7                                        |
| Over 90 days   | 22,294                               | 23,355                                   |
|                | <u>22,680</u>                        | <u>23,447</u>                            |

## 13. COMPARATIVE AMOUNTS

Certain amounts in the condensed consolidated financial statements for the period ended 30 June 2015 have been reclassified to be consistent with the current period presentation. These reclassifications have no effect on the previously reported loss for the prior period.

## 14. EVENTS OCCURRING AFTER THE REPORTING DATE

No significant events took place subsequent to 30 June 2016.

## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

For the six months ended 30 June 2016, the Group recorded a revenue of approximately HK\$20.00 million, representing an increase of approximately 474% as compared to the revenue of approximately HK\$3.49 million for the corresponding period of last year. The increase in revenue was mainly resulted from the increase in sales of properties during the period.

Loss attributable to the owners of the Company was approximately HK\$7.83 million for the six months ended 30 June 2016, representing a decrease of approximately 7.55% as compared to the loss of approximately HK\$8.47 million recorded in the corresponding period of last year. The decrease in loss was mainly attributable to the exchange gain arose from the Group's financial liabilities.

### BUSINESS REVIEW

#### Property Development and Investment Business

##### *The Gold Coast Project*

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

##### *The Tanghai County Project*

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

\* For identification purposes only

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

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

#### *The Daya Bay Project*

The Company, through its indirect wholly-owned PRC subsidiary, owns 東方新天地大廈 (Eastern New World Square\*), which is a comprehensive property development project with a total gross floor area of approximately 69,171.7 sq.m. located at No. 1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC. The selling of the residential portion of Eastern New World Square has commenced in May 2013 and the revenue generated has contributed to the revenue of the Group for the six months ended 30 June 2016.

#### *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. Sales of residential portion of Jin Bao Cheng Project are expected to be commenced by the end of this year.

## (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.

## **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.

### **Continuing Connected Transaction – Property Leasing Agreement**

On 31 January 2013, 滙通天下控股(中國)有限公司 (Waytung Global Holding (China) Limited\*) (“Waytung China”), a wholly-owned subsidiary of the Company, entered into a property leasing agreement (“Property Leasing Agreement”) with 大中華國際集團(中國)有限公司 (Great China International Group (China) Limited\*) (“GCI”) in relation to the leasing of an office from GCI for a term of two years commencing from 1 February 2013 with three months rent-free period. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, a substantial shareholder, the chairman and the executive director of the Company. As such, GCI is a connected person of the Company. Accordingly, the transaction constitutes a continuing connected transaction of the Company.

According to the Property Leasing Agreement, Waytung China shall pay a monthly rental of RMB180,000 and a monthly management fee, air-conditioning and maintenance fees of RMB36,480. Annual review of such transaction has been carried out in accordance with the Listing Rules.

Upon the expiry of the Property Leasing Agreement, Waytung China and GCI entered into a second property leasing agreement on 30 April 2015 in relation to the lease of the office from 1 May 2015 to 30 April 2017 (“Second Property Leasing Agreement”). According to the Second Property Leasing Agreement, Waytung China shall pay a monthly rental of RMB202,500 and a monthly management fee, air-conditioning and maintenance fees of RMB41,040. Such transaction constitutes a continuing connected transaction of the Company. Please refer to the announcement of the Company dated 30 April 2015 for details of the transaction.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 June 2016, bank balances and cash of the Group amounted to approximately HK\$4.87 million (31 December 2015: HK\$6.17 million). The Group's total current assets as at 30 June 2016 amounted to approximately HK\$641.90 million, which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables, equity investments, tax recoverable, cash and bank balances. The Group's total current liabilities as at 30 June 2016 amounted to approximately HK\$624.83 million, which comprised trade payables, other payables and accruals, interest – bearing borrowing, amounts due to related companies, amount due to substantial shareholders and tax payable.

As at 30 June 2016, the Group's borrowing included Renminbi borrowings equivalent to HK\$43.70 million, which are repayable within one year. The outstanding borrowings are interest-bearing loans with fixed interest rates. As at 30 June 2016, the Group's gearing ratio, defined as total interest-bearing borrowings divided by total equity, was approximately 4.41%.

## **CAPITAL COMMITMENT**

As at 30 June 2016, the Group had a total capital commitment of approximately HK\$267.67 million, contracted for but not provided for in the financial statements, which comprised (i) approximately HK\$42.06 million in respect of the construction and development of property development projects and (ii) approximately HK\$225.61 million in respect of the loan contributable payable to an associate.

## **CONTINGENT LIABILITIES**

As at 30 June 2016, the Group has given guarantees of approximately HK\$4.29 million (31 December 2015: HK\$4.70 million) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date of loans being granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

## **CHARGES ON ASSETS**

As at 30 June 2016, the Group had charged two pieces of land of Jin Bao Cheng Project worth HK\$416.77 million (31 December 2015: HK\$364.35 million) as security for an entrusted loan.

## EMPLOYEES

As at 30 June 2016, the Group employed 152 employees (excluding directors) (31 December 2015: 123 employees) and the related staff costs amounted to approximately HK\$6.14 million (31 December 2015: approximately HK\$9.99 million. Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

## SHARE OPTION SCHEME

The Company adopts a share option scheme on 23 May 2011 (the “2011 Share Option Scheme”). Particulars of share options outstanding under the 2011 Share Option Scheme at the beginning and at the end of the financial period for the six months ended 30 June 2016 and share options granted, exercised, lapsed or cancelled under the 2011 Share Option Scheme during such period are as follows:

| Participants            | Date of grant | Exercise period of share option | Exercise price of share options<br>HK\$ | Number of share options held as at 1 January 2016 | Granted during the six months ended 30 June 2016 | Exercised during the six months ended 30 June 2016 | Lapsed/ cancelled during the six months ended 30 June 2016 | Number of share options held as at 30 June 2016 |
|-------------------------|---------------|---------------------------------|-----------------------------------------|---------------------------------------------------|--------------------------------------------------|----------------------------------------------------|------------------------------------------------------------|-------------------------------------------------|
| <b>Directors</b>        |               |                                 |                                         |                                                   |                                                  |                                                    |                                                            |                                                 |
| Mr. Huang Shih Tsai     | 23/1/2013     | 23/1/2015 to 22/1/2023          | 0.440                                   | 1,000,000                                         | -                                                | -                                                  | -                                                          | 1,000,000                                       |
| Ms. Huang Wenxi         | 23/1/2013     | 23/1/2015 to 22/1/2023          | 0.440                                   | 1,000,000                                         | -                                                | -                                                  | -                                                          | 1,000,000                                       |
| Mr. Cheng Hong Kei      | 23/1/2013     | 23/1/2015 to 22/1/2023          | 0.440                                   | 1,000,000                                         | -                                                | -                                                  | -                                                          | 1,000,000                                       |
| Mr. Leung Kwan, Hermann | 23/1/2013     | 23/1/2015 to 22/1/2023          | 0.440                                   | 1,000,000                                         | -                                                | -                                                  | -                                                          | 1,000,000                                       |
| Mr. Lum Pak Sum         | 23/1/2013     | 23/1/2015 to 22/1/2023          | 0.440                                   | 1,000,000                                         | -                                                | -                                                  | -                                                          | 1,000,000                                       |
| <b>Sub-total</b>        |               |                                 |                                         | <b>5,000,000</b>                                  | <b>-</b>                                         | <b>-</b>                                           | <b>-</b>                                                   | <b>5,000,000</b>                                |
| <b>Employees</b>        | 23/1/2013     | 23/1/2015 to 22/1/2023          | 0.440                                   | 500,000                                           | -                                                | -                                                  | -                                                          | 500,000                                         |
| <b>Total</b>            |               |                                 |                                         | <b>5,500,000</b>                                  | <b>-</b>                                         | <b>-</b>                                           | <b>-</b>                                                   | <b>5,500,000</b>                                |

As at 30 June 2016, the Company had 5,500,000 share options outstanding under the 2011 Share Option Scheme.

## DISCLOSURE OF INTERESTS

### (a) Director's Interest and Short Positions in the securities of the Company and its associated corporations

As at 30 June 2016, the interests and short positions of the directors and the chief executives of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

#### *Long positions in the shares and underlying shares of the Company*

| Name of Directors                | Capacity in which interests are held | Number of shares/underlying shares interested |                     |                      |               | Approximate percentage of the issued share capital of the Company<br>(Note 1) |
|----------------------------------|--------------------------------------|-----------------------------------------------|---------------------|----------------------|---------------|-------------------------------------------------------------------------------|
|                                  |                                      | Personal interests                            | Corporate interests | Underlying interests | Total         |                                                                               |
| Mr. Huang Shih Tsai (Note 2)     | Beneficial Owner                     | 1,848,162,476                                 | –                   | 1,000,000            | 1,849,162,476 | 55.82%                                                                        |
| Ms. Huang Wenxi (Note 3)         | Beneficial Owner                     | 353,667,996                                   | 282,133,413         | 1,000,000            | 636,801,409   | 19.22%                                                                        |
| Mr. Cheng Hong Kei (Note 4)      | Beneficial Owner                     | –                                             | –                   | 1,000,000            | 1,000,000     | 0.03%                                                                         |
| Mr. Leung Kwan, Hermann (Note 4) | Beneficial Owner                     | –                                             | –                   | 1,000,000            | 1,000,000     | 0.03%                                                                         |
| Mr. Lum Pak Sum (Note 4)         | Beneficial Owner                     | –                                             | –                   | 1,000,000            | 1,000,000     | 0.03%                                                                         |

*Notes:*

1. The percentage shareholding in the Company is calculated on the basis of 3,312,698,406 Shares in issue as at 30 June 2016.
2. The interest disclosed represents (i) Mr. Huang's personal interest in 1,848,162,476 shares; and (ii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.
3. The interest disclosed represents (i) Ms. Huang's personal interest in 353,667,996 shares; (ii) 282,133,413 shares held by Brilliant China Group Limited which is 100% owned by Ms. Huang; and (iii) 1,000,000 unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.
4. The relevant interests are unlisted physically settled options granted pursuant to the 2011 Share Option Scheme.

Save as disclosed above, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

## **INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO**

As at 30 June 2016, so far as is known to any Director or chief executive of the Company, the following person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

### *Long positions in the shares of the Company*

| Name of Shareholders          | Type of interests  | Approximate<br>percentage<br>holding of total<br>issued shares % |             |
|-------------------------------|--------------------|------------------------------------------------------------------|-------------|
|                               |                    | Total number of<br>shares held                                   |             |
| Brilliant China Group Limited | Corporate (Note 2) | <u>282,133,413</u>                                               | <u>8.52</u> |

#### *Notes:*

1. The percentage shareholding in the Company is calculated on the basis of 3,312,698,406 Shares in issue as at 30 June 2016.
2. Brilliant China Group Limited (“Brilliant China”) is a company 100% owned by Ms. Huang Wenxi. By virtue of the SFO, Ms. Huang is deemed to be interested in 282,133,413 Shares held by Brilliant China. Ms. Huang is the sole director of Brilliant China.

Save as disclosed above, as at 30 June 2016, the Company has not been notified of any other person (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months period ended 30 June 2016.

### **CORPORATE GOVERNANCE**

The Company has adopted and complied generally with the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules throughout the six months period ended 30 June 2016.

## **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 six months ended 30 June 2016.

## **CHANGE OF DIRECTORS AND SENIOR MANAGEMENT**

There is no change in the composition of the board of directors nor the senior management of the Company for the six months period ended 30 June 2016.

## **AUDIT COMMITTEE**

Pursuant to the requirements of the Corporate Governance Code and the Listing Rules, the Company has established an audit committee (the “Audit Committee”) comprising all three Independent Non-executive Directors, namely Mr. Cheng Hong Kei (Chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2016.

By order of the board of directors  
**Great China Properties Holdings Limited**  
**Huang Shih Tsai**  
*Chairman*

Hong Kong, 19 August 2016

*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>.*

\* For identification purpose only