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大中華地產控股有限公司

GREAT CHINA PROPERTIES HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 21)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The Board of Directors (the “Board”) of Great China Properties Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2017 together with the comparative figures for the corresponding year in 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Notes	2017 HK\$'000	2016 HK\$'000
REVENUE	6	34,251	33,096
Cost of sales and services		(28,862)	(28,779)
GROSS PROFIT		5,389	4,317
Other income and gains	6	537	2,407
Selling and distribution expenses		(4,173)	(13,784)
Administrative and operating expenses		(32,032)	(26,174)
Foreign exchange (loss)/gain, net		(45,036)	28,762
Finance costs	7	(39)	–
Fair value gains on investment properties, net		1,092	–
LOSS BEFORE TAX	8	(74,262)	(4,472)
Income tax (expense)/credit	9	(612)	980
LOSS FOR THE YEAR		(74,874)	(3,492)
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		(74,874)	(3,492)
– Non-controlling interests		–	–
		(74,874)	(3,492)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	11		
Basic and diluted		HK2.26 cents	HK0.11 cents

	Notes	2017 HK\$'000	2016 HK\$'000
LOSS FOR THE YEAR		(74,874)	(3,492)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		116,834	(95,926)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR		41,960	(99,418)
TOTAL COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		41,960	(99,418)
– Non-controlling interests		–	–
		41,960	(99,418)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		2017	2016
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		167,562	93,709
Investment properties		242,911	224,921
Goodwill		218,470	203,203
Interests in associates		143,905	133,849
Properties under development		645,641	563,186
Prepayments		66	102
Total non-current assets		1,418,555	1,218,970
CURRENT ASSETS			
Properties held for sale		753,827	580,551
Trade receivables	12	570	1,245
Prepayments, deposits and other receivables		18,974	10,299
Tax recoverable		–	39
Equity investments at fair value			
through profit or loss		15	106
Cash and bank balances		24,471	7,212
Total current assets		797,857	599,452
CURRENT LIABILITIES			
Trade payables	13	21,138	20,294
Other payables and accruals		133,209	76,346
Current portion of obligations under finance leases		521	–
Amounts due to related companies		146,727	137,363
Amounts due to substantial shareholders		759,979	482,900
Tax payable		140	48
Total current liabilities		1,061,714	716,951
NET CURRENT LIABILITIES		(263,857)	(117,499)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,154,698	1,101,471

	2017	2016
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	181,919	171,192
Non-current portion of obligations under finance leases	540	–
Total non-current liabilities	182,459	171,192
Net assets	972,239	930,279
EQUITY		
Equity attributable to owners of the Company		
Share capital	905,676	905,676
Other reserves	66,550	24,590
	972,226	930,266
Non-controlling interests	13	13
Total equity	972,239	930,279

NOTES:

Year ended 31 December 2017

1. CORPORATE INFORMATION

Great China Properties Holdings Limited (the “Company”) is a limited liability company incorporated in Hong Kong. Its registered office is located at Suite 6403A-4, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property development and investment.

2. BASIS OF PREPARATION

The Group recorded a consolidated net loss of HK\$74,874,000 and net cash outflows from operating activities of HK\$117,673,000 for the year. In addition, the Group had net current liabilities of HK\$263,857,000, and cash and bank balances of HK\$24,471,000 as at 31 December 2017. Notwithstanding of the above, the directors consider the going concern basis of preparation of the consolidated financial statements is appropriate after taking into consideration the following:

- (a) The Group is able to generate operating profits and cash inflows from future sales of properties; and
- (b) The substantial shareholder has confirmed that he will provide financial support to the Group to meet its financial obligations as they fall due, if required, including not to demand repayment of the amounts due to him and companies controlled by him until the Group is in a position to do so.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts and to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect to these adjustments has not been reflected in the consolidated financial statements.

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”). The consolidated financial statements have been prepared under the historical cost convention, except for certain investment properties and equity investments at fair value through profit or loss which have been measured at fair value as explained in the accounting policies. These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between subsidiaries of the Group are eliminated in full on consolidation.

Non-controlling interests are presented separately from owners of the Company in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

Changes in ownership interest

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

3. CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2016 consolidated financial statements except for the adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current year.

The HKICPA has issued a number of new/revised HKFRSs that are first effective for the current accounting period of the Group. Of these, the changes in accounting policy relevant to the consolidated financial statements are as follows:

Amendments to HKAS 7: Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The adoption of the amendments results in the additional disclosures to the consolidated financial statements.

Annual Improvements 2014 – 2016 Cycle: HKFRS 12 – Clarification of the scope

The amendments clarify that except for the summarised financial information for subsidiaries, joint ventures and associates in which the interests are classified or included in a disposal group that is classified as held for sale in accordance with HKFRS 5, the requirements of HKFRS 12 apply to interests in entities within the scope of HKFRS 5.

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

New and revised HKFRSs not yet adopted

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Annual Improvements to HKFRSs	<i>2014 – 2016 Cycle: HKFRS 1 and HKAS 28</i> ¹
Amendments to HKAS 40	<i>Transfers of Investment Property</i> ¹
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i> ¹
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance contracts</i> ¹
HKFRS 9	<i>Financial Instruments</i> ¹
HKFRS 15	<i>Revenue from Contracts with Customers</i> ¹
HK(IFRIC) – Int 22	<i>Foreign Currency Transactions and Advance Consideration</i> ¹
HKFRS 16	<i>Leases</i> ²
HK(IFRIC) – Int 23	<i>Uncertainty over Income Tax Treatments</i> ²
Amendments to HKAS 28	<i>Investments in Associates and Joint Ventures</i> ²
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ²
Annual Improvements to HKFRSs	<i>2015 – 2017 Cycle: HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23</i> ²
HKFRS 17	<i>Insurance Contracts</i> ³
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2021

⁴ The effective date to be determined

Except as described below, the directors of the Company do not anticipate that the adoption of these new/revised HKFRSs in future periods will have any material impact on the financial performance and financial position of the Group.

HKFRS 9 “Financial Instruments”

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 Financial instruments: Recognition and measurement.

HKFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment for financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification and measurement of financial liabilities.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2018 on a retrospective basis. The Group plans to use the exemption from restating comparative information and will recognise any transition adjustments against the opening balance of equity at 1 January 2018.

Currently, most of the Group's financial assets, including trade and other receivables and cash and bank balances, are classified and measured at amortised cost. Accordingly, the Group does not expect the adoption of HKFRS 9 to have material impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses and will need to perform a more detailed analysis to determine the impact on the Group's consolidated financial statements.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 15 "Revenue from Contracts with Customers"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specially, HKFRS 15 introduces a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

Based on the current business model, the directors of the Company do not expect the adoption of HKFRS 15 would result in any significant impact on the amount to be reported on the Group's consolidated financial statements in the future. However, there will be additional qualitative and quantitative disclosures upon the adoption of HKFRS 15.

HKFRS 16 “Leases”

HKFRS 16 significantly changes, among others, the lessee accounting by replacing the dual-model under HKAS 17 with a single model which requires a lessee to recognise right-of-use assets and lease liabilities for the rights and obligations created by all leases with a term of more than 12 months, unless the underlying asset is of low value. For lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. HKFRS 16 also requires enhanced disclosures to be provided by lessees and lessors.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease.

At 31 December 2017 the Group’s future minimum lease payments under non-cancellable operating leases for properties amounted to HK\$10,750,000, which is payable between 1 and 5 years after the reporting date. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The combination of straight-line depreciation of the right-of-use asset and the effective interest rate applied to the lease liability will result in a higher total charge to the profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term, but there is no impact on the total expenses recognised over the lease term. The directors of the Company anticipate that the application of HKFRS 16 would not have significant impact on the financial position and performance of the Group comparing HKAS 17 currently adopted by the Group. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

4. PRELIMINARY ANNOUNCEMENT OF AUDITED ANNUAL RESULTS

The financial information relating to the years ended 31 December 2017 and 2016 included in this preliminary announcement of 2017 annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap.622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap.622) and will deliver the financial statements for the year ended 31 December 2017 in due course.

The Company's auditor has reported on the financial statements of the Group for both years. For the year ended 31 December 2017, the auditor's reports were unqualified; did not include a reference to matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622). For the year ended 31 December 2016, the auditor's reports were unqualified; included a reference to matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).

5. OPERATING SEGMENT INFORMATION

The Group has one single reportable segment based on the location of the operations, which is the property development and investment located in the PRC. Information reported to the Group's chief operating decision makers for the purpose of resources allocation and performance assessment focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

Information about a major customer

Rental income of approximately HK\$1,413,000 (2016: HK\$1,420,000) was derived from the Group's largest customer.

6. REVENUE AND OTHER INCOME AND GAINS

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Revenue:		
Sales of properties	31,420	30,453
Gross rental income	2,024	1,910
Property management income	807	733
	<u>34,251</u>	<u>33,096</u>
Other income and gains:		
Bank interest income	150	27
Fair value (loss)/gain on equity investments at fair value through profit or loss	(91)	1
Others	478	2,379
	<u>537</u>	<u>2,407</u>

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Finance charges on obligations under finance leases	39	–
Interest on an entrusted loan	–	3,389
Less: Interest capitalised under property held for sale under development	–	(3,389)
	39	–

8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	2017 HK\$'000	2016 <i>HK\$'000</i>
Cost of properties sold	28,281	28,060
Depreciation	3,081	2,602
Minimum lease payments under operating leases on land and buildings	3,241	3,854
Auditors' remuneration	947	912
Staff costs (including directors' remuneration):		
Salaries and wages	17,451	15,459
Pension scheme contributions	1,592	1,671
	19,043	17,130
Direct operating expenses arising from investment properties that generated rental income	270	275
Loss on disposal of property, plant and equipment	61	59

9. TAXATION

No provision for Hong Kong profits tax has been made as the Group incurred a loss for taxation purposes during the years ended 31 December 2017 and 2016. Taxes on profits assessable elsewhere have been calculated at the rates of taxation prevailing in the countries/jurisdiction in which the Group operates.

PRC Enterprise Income Tax (“EIT”) has been provided for the year based on the estimated assessable profits in accordance with the relevant tax laws applicable to the Group in the PRC. The statutory EIT rate is 25% for the year (2016: 25%).

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Deferred tax credited to profit or loss	2,051	1,965
EIT in the PRC	(2,035)	(371)
LAT in the PRC	(628)	(614)
	<u> </u>	<u> </u>
Total tax (expense)/credit for the year	<u><u>(612)</u></u>	<u><u>980</u></u>

10. DIVIDEND

The Board does not recommend the payment of any dividend for the years ended 31 December 2017 and 2016.

11. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2017	2016
Loss for the year attributable to owners of the Company (<i>HK\$ million</i>)	74.87	3.49
Weighted average number of ordinary shares (<i>Million</i>)	3,312.7	3,312.7
Basic and diluted loss per share (<i>HK cents per share</i>)	<u><u>2.26</u></u>	<u><u>0.11</u></u>

Diluted loss per share is same as the basic loss per share as the effect of potential ordinary shares is anti-dilutive during both years.

The Company's share options have no dilutive effect for the years ended 31 December 2017 and 2016 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for both years.

12. 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 ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2017 HK\$'000	2016 HK\$'000
Within 30 days	26	1,034
31 to 60 days	22	17
61 to 90 days	17	12
Over 90 days	505	182
	570	1,245

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

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. 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.

13. TRADE PAYABLES

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

	2017 HK\$'000	2016 <i>HK\$'000</i>
Within 30 days	107	462
31 to 60 days	637	314
61 to 90 days	6	25
Over 90 days	20,388	19,493
	21,138	20,294

14. EVENTS OCCURRING AFTER THE REPORTING DATE

No significant event took place subsequent to 31 December 2017.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2017, the Group recorded a turnover of approximately HK\$34.25 million, representing an increase of approximately 3.47% as compared to the turnover of approximately HK\$33.10 million for last year. The increase in turnover was mainly resulted from the increase in sales of properties.

Loss attributable to the shareholders was approximately HK\$74.87 million for the year ended 31 December 2017, representing an increase of approximately 21.5 times as compared to the loss of approximately HK\$3.49 million for last year. The increase in loss was mainly attributable to the exchange loss arose from the translation of 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*).

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

* For identification purposes only

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 turnover of the Group for the year ended 31 December 2017.

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*).

* For identification purposes only

It is the Board's current intention to develop Jin Bao Cheng Project into a residential and commercial complex. Pre-sales of phase 1 and phase 2 of the residential portion of Jin Bao Cheng Project was commenced during the year ended 31 December 2017. As at 31 December 2017, a total deposit of approximately RMB59,524,000 (equivalent to approximately HK\$72,233,000) was received from the pre-sales of the residential portion of Jin Bao Cheng Project.

The Group has entered into an operating service agreement (among others) with Starwood Asia Pacific Hotels & Resorts Pte. Ltd. in relation to the development and operation of a five star hotel in Jin Bao Cheng project. The major construction of the hotel was completed during the year ended 31 December 2017 and the estimated opening date is early 2020.

(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 (a) 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

* For identification purposes only

(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，西至上海市淩楊路，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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, bank balances and cash of the Group amounted to approximately HK\$24.47 million (31 December 2016: HK\$7.21 million). The Group's total current assets as at 31 December 2017 amounted to approximately HK\$797.86 million, which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables, equity investments at fair value through profit or loss, cash and bank balances. The Group's total current liabilities as at 31 December 2017 amounted to approximately HK\$1,061.71 million, which comprised trade payables, other payables and accruals, current portion of obligations under finance leases, amounts due to related companies, amounts due to substantial shareholders and tax payable.

As at 31 December 2017, the Group's gearing ratio, defined as total obligations under finance leases divided by total equity, was approximately 0.11% (31 December 2016: 0%).

* For identification purposes only

CAPITAL COMMITMENT

As at 31 December 2017, the Group had a total capital commitment of approximately HK\$622.67 million, contracted for but not provided for in the consolidated financial statements, which comprised (i) approximately HK\$390.89 million in respect of the construction and development of property development projects and (ii) approximately HK\$231.78 million in respect of the loan contributions payable to an associate.

EXCHANGE RATES EXPOSURE

The Group derives its turnover, makes purchases and incurs expenses denominated mainly in RMB and HK\$. The majority of assets and liabilities are denominated in RMB and HK\$ and there are no significant assets and liabilities denominated in other currencies. Currently, the Group has not entered into agreements or purchased instruments to hedge the Group's exchange rate risks. Any material fluctuation in the exchange rates of HK\$ or RMB may have an impact on the operating results of the Group. The exchange rate of RMB to HK\$ is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. The Group manages foreign currency risk by closely monitoring the movement of the foreign currency rates.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group has given guarantees of approximately HK\$3.25 million (31 December 2016: HK\$4.00 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 31 December 2017, the Group had charged motor vehicles worth approximately HK\$1.31 million as a security for finance leases (31 December 2016: Nil).

EMOLUMENT POLICY

The emoluments of the employees of the Group are determined on the basis of their merit, qualification and competence. The management's remuneration proposals are reviewed and approved by the remuneration committee with reference to the Board's corporate goals and objectives. The emoluments of the directors and senior management of the Company are determined by the remuneration committee of the Company, having regard to the Company's operating results, individual performance and comparable market statistics.

As at 31 December 2017, the Group employed 146 employees (excluding directors) (31 December 2016: 157 employees) and the related staff costs amounted to approximately HK\$16.96 million (31 December 2016: approximately HK\$15.24 million). Staff remuneration packages, which are reviewed annually, include salary/wage and other benefits, such as medical insurance coverage, provident fund and share options.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of listed companies (the "Model Code") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the directors. Having made specific enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2017.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in accordance with the requirements as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The Audit Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Cheng Hong Kei (chairman of the Audit Committee), Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum. The Group's final results for the year ended 31 December 2017 have been reviewed by the Audit Committee.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's independent auditors, Mazars CPA Limited, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Mazars CPA Limited in this respect did not constitute an assurance agreement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by HKICPA and consequently no assurance has been expressed by Mazars CPA Limited on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 May 2018 to Thursday, 17 May 2018, both days inclusive, during the period of closure no transfer of shares will be registered. In order to ascertain the right to attend the 2018 annual general meeting, all share certificates with completed transfer forms either overleap or separately must be lodged with the Company's share registrar, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Friday, 11 May 2018.

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

Hong Kong, 23 March 2018

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>.