



# Great China Properties Holdings Limited

大中華地產控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00021

INTERIM  
REPORT  
2020



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020 – unaudited

	Notes	Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
<b>REVENUE</b>	4	<b>3,791</b>	12,755
Cost of sales and services		(1,706)	(7,793)
<b>GROSS PROFIT</b>		<b>2,085</b>	4,962
Other income and gains	4	184	110
Selling and distribution expenses		(641)	(1,307)
Administrative and operating expenses		(10,580)	(13,796)
Foreign exchange gain, net		17,503	6,137
Finance costs	5	(90)	(68)
<b>PROFIT/(LOSS) BEFORE TAX</b>	6	<b>8,461</b>	(3,962)
Income tax (expense)/credit	7	(361)	387
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>8,100</b>	(3,575)
<b>PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:</b>			
– Owners of the Company		8,100	(3,575)
– Non-controlling interests		–	–
		<b>8,100</b>	(3,575)
<b>OTHER COMPREHENSIVE LOSS FOR THE PERIOD</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(35,556)	(7,698)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(27,456)</b>	(11,273)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:</b>			
– Owners of the Company		(27,456)	(11,273)
– Non-controlling interests		–	–
		<b>(27,456)</b>	(11,273)
<b>PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic and diluted	9	<b>HK0.20 cent</b>	(HK0.11 cent)

The accompanying notes on pages 7 to 18 form an integral part of this interim financial report.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020 – unaudited

		Unaudited As at 30 June 2020 HK\$'000	Audited As at 31 December 2019 HK\$'000
	Notes		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	173,191	174,742
Right-of-use assets	11	5,073	3,898
Investment properties	12	219,424	223,688
Goodwill		197,314	201,168
Interests in associates		–	–
Loan receivable from an associate, net		130,047	132,574
Properties under development	13	583,350	593,190
Total non-current assets		1,308,399	1,329,260
<b>CURRENT ASSETS</b>			
Properties held for sale		739,911	743,176
Trade receivables	14	570	355
Prepayments, deposits and other receivables	15	20,775	20,190
Cash and bank balances		13,257	15,787
Total current assets		774,513	779,508
<b>CURRENT LIABILITIES</b>			
Trade payables	16	24,439	24,908
Other payables and accruals		117,712	111,948
Lease liabilities	11	2,625	1,158
Amounts due to related companies		134,567	135,770
Amounts due to substantial shareholders		723,924	724,995
Tax payable		330	19
Total current liabilities		1,003,597	998,798
<b>NET CURRENT LIABILITIES</b>		<b>(229,084)</b>	<b>(219,290)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,079,315</b>	<b>1,109,970</b>



		Unaudited As at 30 June 2020 HK\$'000	Audited As at 31 December 2019 HK\$'000
	<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		<b>162,280</b>	165,434
Lease liabilities		<b>2,495</b>	2,540
Total non-current liabilities		<b>164,775</b>	167,974
Net assets		<b>914,540</b>	941,996
<b>EQUITY</b>			
Equity attributable to owners of the Company			
Share capital	17	<b>983,266</b>	983,266
Other deficits		<b>(68,739)</b>	(41,283)
		<b>914,527</b>	941,983
Non-controlling interests		<b>13</b>	13
Total equity		<b>914,540</b>	941,996

The accompanying notes on pages 7 to 18 form an integral part of this interim financial report.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020 – unaudited

	Share capital	Capital reduction reserve*	Share-based payment reserve*	Translation reserve*	Accumulated losses*	Total	Non-controlling interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	905,676	265,505	1,607	(147,047)	(125,566)	900,175	13	900,188
Loss for the period	-	-	-	-	(3,575)	(3,575)	-	(3,575)
Other comprehensive loss for the period:								
Exchange differences arising on translation of foreign operations	-	-	-	(7,698)	-	(7,698)	-	(7,698)
Total comprehensive loss for the period	-	-	-	(7,698)	(3,575)	(11,273)	-	(11,273)
At 30 June 2019	905,676	265,505	1,607	(154,745)	(129,141)	888,902	13	888,915
At 1 January 2020	<b>983,266</b>	<b>265,505</b>	<b>1,607</b>	<b>(179,280)</b>	<b>(129,115)</b>	<b>941,983</b>	<b>13</b>	<b>941,996</b>
Profit for the period	-	-	-	-	8,100	8,100	-	8,100
Other comprehensive loss for the period:								
Exchange differences arising on translation of foreign operations	-	-	-	(35,556)	-	(35,556)	-	(35,556)
Total comprehensive loss for the period	-	-	-	(35,556)	8,100	(27,456)	-	(27,456)
<b>At 30 June 2020</b>	<b>983,266</b>	<b>265,505</b>	<b>1,607</b>	<b>(214,836)</b>	<b>(121,015)</b>	<b>914,527</b>	<b>13</b>	<b>914,540</b>

\* These reserve accounts represent in aggregate the consolidated deficits of HK\$68,739,000 (31 December 2019: consolidated deficits of HK\$41,283,000) in the interim condensed consolidated statement of financial position.

The accompanying notes on pages 7 to 18 form an integral part of this interim financial report.



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020 – unaudited

	Notes	Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Profit/(loss) before tax		8,461	(3,962)
Adjustments for:			
Bank interest income	4	(32)	(23)
Finance costs	5	90	68
Loss on disposal of property, plant and equipment	6	12	4
Depreciation of property, plant and equipment	6	334	584
Depreciation of right-of-use assets	6	1,593	281
Exchange difference, net		(17,469)	(6,165)
		(7,011)	(9,213)
Increase in properties held for sale		(10,900)	(7,913)
Increase in properties under development		(1,466)	(9,935)
Increase in trade receivables		(221)	(23)
Increase in prepayments, deposits and other receivables		(970)	(3,454)
Increase in trade payables		6	2,655
Increase in other payables and accruals		7,848	5,453
Cash used in operations		(12,714)	(22,430)
Interest portion of lease payments		(90)	(68)
PRC tax paid		(48)	(625)
Net cash flows used in operating activities		(12,852)	(23,123)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Bank interest received		32	23
Purchases of property, plant and equipment		(2,124)	(4,454)
(Increase)/decrease in pledged and restricted bank balances		(855)	1,197
Net cash flows used in investing activities		(2,947)	(3,234)



	Notes	Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
<b>CASH FLOWS GENERATED FROM FINANCING ACTIVITIES</b>			
Advance from substantial shareholders		12,606	26,795
Repayment to substantial shareholders		–	(1,705)
Advance from related companies		1,385	1,043
Repayment to related companies		–	(80)
Principal portion of lease payments		(1,336)	(268)
Net cash flows generated from financing activities		12,655	25,785
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of the period		4,670	3,779
Effect of foreign exchanges, net		(29)	(5)
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<b>1,497</b>	<b>3,202</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		13,257	11,013
Less: Pledged and restricted bank balances		(11,760)	(7,811)
		1,497	3,202

The accompanying notes on pages 7 to 18 form an integral part of this interim financial report.



# NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2020*

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION

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.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in property development and investment.

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2020 have been prepared in accordance with the applicable disclosure provisions of 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 interim financial statements have been prepared on the historical costs basis, except for certain investment properties which are measured at fair value, and presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company, and rounded to the nearest thousands unless otherwise indicated.

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 2019, except for the adoption of revised standards with effect from 1 January 2020 as detailed in note 2 below.

The financial information relating to the financial year ended 31 December 2019 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 2019 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 not qualified or otherwise modified; did not refer to any matter to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap.622).





## 2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The adoption of the above revised standards has had no significant financial effect on the Group's unaudited interim condensed consolidated financial information. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not 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 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.



#### 4. REVENUE AND OTHER INCOME AND GAINS

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

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	1,584	10,541
Property management income	768	771
	<b>2,352</b>	11,312
Revenue from other sources:		
Gross rental income	1,439	1,443
<b>Total revenue</b>	<b>3,791</b>	12,755
Other income and gains:		
Bank interest income	32	23
Others	152	87
	<b>184</b>	110

#### 5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Finance charges on lease liabilities	90	68
	<b>90</b>	68

## 6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Cost of properties sold	1,279	7,386
Depreciation of property, plant and equipment	334	584
Depreciation of right-of-use assets	1,593	281
Minimum lease payments under operating leases on land and buildings	–	1,073
Auditors' remuneration	482	475
Staff costs (including directors' remuneration)		
Salaries and wages	9,293	11,241
Pension scheme contributions	472	1,002
	<b>9,765</b>	<b>12,243</b>
Direct operating expenses arising from investment properties that generated rental income	196	223
Loss on disposal of property, plant and equipment	12	4

## 7. INCOME TAX (EXPENSE)/CREDIT

No provision for Hong Kong profits tax has been made as the Group incurred a loss for taxation purposes during the six months ended 30 June 2020 and 2019. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdiction in which the Group operates.

The Group's entities established in the PRC are subject to Enterprise Income Tax ("EIT") of the PRC at a statutory rate of 25% for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

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.

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Deferred tax credited to profit or loss	–	598
EIT in the PRC	(313)	–
LAT in the PRC	(48)	(211)
Total tax (expense)/credit for the period	<b>(361)</b>	<b>387</b>

## 8. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil).

## 9. PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2020	2019
Profit/(loss) for the period attributable to owners of the Company ( <i>HK\$ million</i> )	<b>8.10</b>	(3.58)
Weighted average number of ordinary shares in issue ( <i>Million</i> )	<b>3,975.2</b>	3,312.7
Basic and diluted profit/(loss) per share ( <i>HK cent per share</i> )	<b>0.20</b>	(0.11)

Diluted profit/(loss) per share is same as the basic profit/(loss) per share as the Company's share options have no dilutive effect for the six months ended 30 June 2020 and 2019 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. PROPERTY, PLANT AND EQUIPMENT

	Leasehold Improvements <i>HK\$'000</i>	Machinery <i>HK\$'000</i>	Furniture and fixtures <i>HK\$'000</i>	Computer equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Buildings under construction <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2020</b>							
At 1 January 2020, net of accumulated depreciation	599	48	265	1,023	115	172,692	174,742
Additions	-	-	-	-	-	2,124	2,124
Depreciation	(41)	-	(35)	(258)	-	-	(334)
Disposals	-	-	(9)	(3)	-	-	(12)
Exchange realignment	(10)	(1)	(6)	(19)	(2)	(3,291)	(3,329)
<b>At 30 June 2020, net of accumulated depreciation</b>	<b>548</b>	<b>47</b>	<b>215</b>	<b>743</b>	<b>113</b>	<b>171,525</b>	<b>173,191</b>

The Group's buildings under construction are situated in the PRC and are held under the lease term from 40 to 70 years.

## 11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

	Greenery areas HK\$'000	Office premises HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 1 January 2020, net of accumulated depreciation	2,479	1,109	310	3,898
Addition	–	2,829	–	2,829
Depreciation	(31)	(1,313)	(249)	(1,593)
Exchange differences	(47)	(14)	–	(61)
At 30 June 2020, net of accumulated depreciation	2,401	2,611	61	5,073

	Greenery areas HK\$'000	Office premises HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 30 June 2020				
Cost	2,493	2,829	2,160	7,482
Accumulated depreciation	(92)	(218)	(2,099)	(2,409)
Net carrying amount	2,401	2,611	61	5,073

The Group leases various greenery areas, office premises and motor vehicles for its daily operations. Lease terms range from 13 months to 40 years.

### Lease liabilities

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
<b>Lease liabilities</b>		
Current	2,625	1,158
Non-current	2,495	2,540
	<b>5,120</b>	<b>3,698</b>



## 12. INVESTMENT PROPERTIES

	Completed investment properties at fair value HK\$'000	Investment properties under construction at cost HK\$'000	Total HK\$'000
<b>Six months ended 30 June 2020</b>			
Carrying amount at 1 January 2020	209,189	14,499	223,688
Exchange realignment	(3,987)	(277)	(4,264)
<b>Carrying amount at 30 June 2020</b>	<b>205,202</b>	<b>14,222</b>	<b>219,424</b>

Notes:

- The investment properties represent interests in land held under medium term leases in the PRC and buildings erected or being erected thereon.
- Investment properties under development are carried at cost as the Board considers that the fair value of investment properties under construction cannot be reliably determined due to some construction still not commenced at 30 June 2020.
- The Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.
- Valuation of investment properties were carried out on 30 June 2020 by Roma Appraisals Limited, an independent qualified valuer, using the same valuation techniques as those being applied when carrying out the valuation on 31 December 2019.

## 13. PROPERTIES UNDER DEVELOPMENT

	Properties under development at cost HK\$'000
<b>Six months ended 30 June 2020</b>	
Carrying amount at 1 January 2020	593,190
Additions	1,466
Exchange realignment	(11,306)
<b>Carrying amount at 30 June 2020</b>	<b>583,350</b>

The properties under development are all located in the PRC and held under medium term lease.

## 14. TRADE RECEIVABLES

Trade receivables mainly represent property management fee receivables. Property management fee 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:

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Within 30 days	67	25
31 – 60 days	58	22
61 – 90 days	58	26
Over 90 days	387	282
	<b>570</b>	355

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 diversified 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.

The Group applies the simplified approach to provide for expected credit losses ("ECL") prescribed by HKFRS 9. To measure ECL, trade receivables have been grouped based on shared credit risk characteristics which is the days past due. Expected loss rate of the overall trade receivables is assessed to be 0.1%. Based on evaluation on expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered immaterial and therefore there has not been a provision of loss allowance.



## 15. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2020 <i>HK\$'000</i>	At 31 December 2019 <i>HK\$'000</i>
Prepayments	12,834	12,600
Deposits paid	108	109
Other receivables	9,228	8,903
	<b>22,170</b>	21,612
Less: Loss allowance for other receivables	(1,395)	(1,422)
	<b>20,775</b>	20,190

## 16. TRADE PAYABLES

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

	At 30 June 2020 <i>HK\$'000</i>	At 31 December 2019 <i>HK\$'000</i>
Within 30 days	24	25
31 – 60 days	24	25
61 – 90 days	24	24
Over 90 days	24,367	24,834
	<b>24,439</b>	24,908

## 17. SHARE CAPITAL

	At 30 June 2020 <i>HK\$'000</i>	At 31 December 2019 <i>HK\$'000</i>
<b>Issued and fully paid:</b>		
3,975,233,406 (31 December 2019: 3,975,233,406) ordinary shares	<b>983,266</b>	983,266





## 18. COMMITMENTS

In addition to the operating lease commitments detailed in note 11 above, the Group had the following capital commitments at the end of the reporting period:

	At 30 June 2020 HK\$'000	At 31 December 2019 HK\$'000
Contracted, but not provided for:		
Construction and development of properties	392,160	367,517
Loan contributions payable to an associate	209,374	213,443
	<b>601,534</b>	580,960

## 19. CONTINGENT LIABILITIES

At 30 June 2020, the Group has given guarantees of approximately HK\$5,018,000 (31 December 2019: approximately HK\$3,031,000) to banks for housing loans extended by the banks to the purchasers of the Group's properties for a period from the date the loans are granted to the purchasers up to the date of issuance of property title certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that, in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore the guarantees have not been recognised in the consolidated financial statements for the period ended 30 June 2020 and year ended 31 December 2019.



## 20. RELATED PARTY TRANSACTIONS

### (a) Amounts due to related companies

The Group's amounts due to related companies of HK\$134,567,000 (31 December 2019: HK\$135,770,000) are unsecured, non-interest bearing, and repayable on demand. Related companies represent companies in which Mr. Huang Shih Tsai, a substantial shareholder of the Company, has equity interests and/or directorships and over which Mr. Huang Shih Tsai is able to exercise control. The amounts represent advances to the Group for its working capital requirements.

### (b) Amounts due to substantial shareholders

The Group's amounts due to substantial shareholders of HK\$723,924,000 (31 December 2019: HK\$724,995,000) are unsecured, non-interest bearing and repayable on demand. The amounts represent advances to the Group for its working capital requirements.

During the period, Mr. Huang Shih Tsai, the Chairman and a substantial shareholder of the Company, provided interest-free and unsecured loans to the Company in an aggregate amount of approximately HK\$12,606,000 (Six months ended 30 June 2019: HK\$21,085,000) for funding the subsidiaries and working capital requirements; Ms. Huang Wenxi, the Chief Executive Officer and a substantial shareholder of the Company, did not provide any interest-free and unsecured loan to the Company (Six months ended 30 June 2019: HK\$4,005,000) for funding the subsidiaries and working capital requirements.

### (c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Salaries and allowances	463	642
Pension scheme contributions	9	9
Total compensation paid to key management personnel	472	651



## 21. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### (a) *Financial risk management*

The risks associated with the Group's financial instruments include foreign currency risk, credit risk and liquidity risk. The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2019. There have been no significant changes in risk management process and policies since the year ended 31 December 2019.

### (b) *Fair value hierarchy*

The fair value of financial assets and financial liabilities are measured at the end of the accounting period on a recurring basis, categorised into the three-level fair value hierarchy as follows:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group did not have any financial liabilities measured at fair value at 30 June 2020 and 31 December 2019.

Save as disclosed above, the Board determined that the fair value of the other financial assets and liabilities reported in the unaudited condensed consolidated statement of financial position approximate to their carrying amounts.

## 22. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial statements for the six months ended 30 June 2020 were approved and authorised for issue by the Board of Directors on 31 August 2020.



## MANAGEMENT DISCUSSION AND ANALYSIS

### RESULTS

For the six months ended 30 June 2020, the Group recorded a turnover of approximately HK\$3.79 million, representing a decrease of approximately 70% as compared to the turnover of approximately HK\$12.76 million for the corresponding period of last year. The decrease in turnover was mainly resulted from the decrease in sales of properties during the period.

Loss attributable to the owners of the Company was approximately HK\$8.10 million for the six months ended 30 June 2020 compared to the loss of approximately HK\$3.58 million for the corresponding period of last year. This was mainly attributable to the increase in exchange gain 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 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 report, the Group is at the preliminary stage to plan and design the ecological leisure living area or resort area.

\* For identification purposes only



### *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 comprised residential units, commercial outlets and carparks, 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. During the six months ended 30 June 2020, rental income of approximately HK\$1.44 million from commercial outlets and carparks of Eastern New World Square was recognised as revenue (Six months ended 30 June 2019: approximately HK\$1.44 million).

### *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\*).

Jin Bao Cheng Project is a residential and commercial complex. Sales of phase 1 and phase 2 of the residential portion of Jin Bao Cheng Project was commenced. Proceeds from the sales of Jin Bao Cheng Project of approximately HK\$1.58 million was recognised as revenue for the six months ended 30 June 2020 (Six months ended 30 June 2019: Nil) and approximately HK\$71.15 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities as at 30 June 2020 (31 December 2019: approximately HK\$65.95 million).



## (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..

### *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 (b) one parcel of land with boundaries East to land with Lot No. 14-03, West to Lingyang Road, South to land with Lot No. 14-03, North to South Huanqing Road, Heqing Town, Pudong New Area, Shanghai, the PRC\* (上海浦東新區合慶鎮·四至範圍東至14-03地塊·西至上海市凌楊路·南至14-03地塊·北至上海市環慶南路). The Land is intended to be used for commercial and office purposes.

On 10 January 2014, all the conditions precedent under the cooperation agreement had been satisfied and completion took place on the same date. Upon completion, each of the Company and Greenland HK holds a 50% stake in the project. The investment has been accounted for as interest in an associate using the equity method from the date of completion. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014.

\* For identification purposes only

## USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Company completed a placing of new shares on 12 August 2019, on which an aggregate of 662,535,000 new shares of the Company were issued (the "Placing"). The net proceeds from the Placing, after deducting the commissions and other fees and expenses in relation to the Placing, amounted to approximately HK\$77.59 million. As at 30 June 2020, the Group used the net proceeds as follows:

Purpose of net proceeds	Planned use of proceeds HK\$ million	Change in use of proceeds during the year ended	Actual use of proceeds during the year ended	Unused proceeds as at	Actual use of proceeds during the six-month period ended	Unused proceeds as at
		31 December 2019 HK\$ million	31 December 2019 HK\$ million	31 December 2019 HK\$ million	31 December 2019 HK\$ million	30 June 2020 HK\$ million
To expand the securities advisory and asset management business of the Group	20.00	(20.00)	-	-	-	-
For repayment of the shareholders' loan	21.29	37.21	58.50	-	-	-
For general working capital	30.00	(10.91)	16.50	2.59	2.06	0.53
For future business development and investment of the Group	6.30	(6.30)	-	-	-	-
<b>Total</b>	<b>77.59</b>	<b>-</b>	<b>75.00</b>	<b>2.59</b>	<b>2.06</b>	<b>0.53</b>

It is expected that the unused proceeds allocated for the general working capital purpose will be fully utilised for the same specific use by 31 December 2020.



## BUSINESS OUTLOOK

The outbreak of COVID-19 has resulted in an extremely complicated external environment with lots of uncertainties. It has put forward higher requirements for company in terms of its future strategy planning. Despite the challenges, the Group's business and future strategy will continue to be focusing on mid-end and high-end commercial and tourism property development and investment. The Group will regularly review and adjust its development and sales schedule in accordance with the market conditions and the overall environment. Riding on its solid foundation, the Group remains on the lookout for high quality and cost effective investment opportunities to enhance investment returns, as well as gradually diversify its income source.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2020, bank balances and cash of the Group amounted to approximately HK\$13.26 million (31 December 2019: approximately HK\$15.79 million). The Group's total current assets as at 30 June 2020 amounted to approximately HK\$774.5 million, which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables, cash and bank balances. The Group's total current liabilities as at 30 June 2020 amounted to approximately HK\$1,003.6 million, which comprised trade payables, other payables and accruals, lease liabilities, amounts due to related companies, amounts due to substantial shareholders and tax payable.

As at 30 June 2020, the Group's gearing ratio, defined as lease liabilities divided by total equity, was 0.56% (31 December 2019: 0.39%).

## CAPITAL COMMITMENT

As at 30 June 2020, the Group had a total capital commitment of approximately HK\$601.6 million, contracted for but not provided for in the financial statements, which comprised (i) approximately HK\$392.2 million in respect of the construction and development of properties and (ii) approximately HK\$209.4 million in respect of the loan contributions payable to an associate.

## CONTINGENT LIABILITIES

As at 30 June 2020, the Group has given guarantees of approximately HK\$5.02 million (31 December 2019: approximately HK\$3.03 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 2020, the Group did not charge any of its assets (31 December 2019: HK\$0.16 million).



## EMPLOYEES

As at 30 June 2020, the Group employed 97 employees (excluding directors) (31 December 2019: 117 employees) and the related staff costs amounted to approximately HK\$9.07 million (Six months ended 30 June 2019: approximately HK\$11.59 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 2020 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 HK\$	Number of share options held as at 1 January 2020	Granted during the six months ended 30 June 2020	Exercised during the six months ended 30 June 2020	Lapsed/ cancelled during the six months ended 30 June 2020	Number of share options held as at 30 June 2020
<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 2020, 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 2020, 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			Total	Approximate percentage of the issued share capital of the Company (Note 1)
		Personal interests	Corporate interests	Underlying interests		
Mr. Huang Shih Tsai (Note 2)	Beneficial Owner	1,848,162,476	-	1,000,000	1,849,162,476	46.52%
Ms. Huang Wenxi (Note 3)	Beneficial Owner	353,667,996	282,133,413	1,000,000	636,801,409	16.02%
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 3,975,233,406 Shares in issue as at 30 June 2020.
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 2020, 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	Total number of shares held	Approximate percentage holding of total issued shares%
Brilliant China Group Limited	Corporate (Note 2)	282,133,413	7.10

### *Notes:*

- The percentage shareholding in the Company is calculated on the basis of 3,975,233,406 Shares in issue as at 30 June 2020.
- 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 2020, 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 ended 30 June 2020.

## **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 ended 30 June 2020.

## **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 2020.

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

There has been no change in the composition of the board of directors nor the senior management of the Company for the six months ended 30 June 2020.



## 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 results of the Group for the six months ended 30 June 2020.

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

Hong Kong, 31 August 2020

As at the date of this report, the directors of the Company are as follows:

Executive Directors	Mr. Huang Shih Tsai ( <i>Chairman</i> ) Ms. Huang Wenxi ( <i>Chief Executive Officer</i> )
Independent Non-executive Directors	Mr. Cheng Hong Kei Mr. Leung Kwan, Hermann Mr. Lum Pak Sum