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大中華控股(香港)有限公司
GREAT CHINA HOLDINGS (HONG KONG) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code:21)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board of Directors (the “Board”) of Great China Holdings (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2022 together with the selected comparative information for the corresponding period in 2021 as follows:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
	<i>Notes</i>	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
REVENUE	4	6,367	5,469
Cost of sales and services		(3,989)	(2,393)
GROSS PROFIT		2,378	3,076
Other income and gains	4	232	402
Selling and distribution expenses		(1,174)	(847)
Administrative and operating expenses		(9,041)	(10,030)
Foreign exchange gain/(loss), net		44,279	(13,593)
Finance costs	5	(36)	(20)
PROFIT/(LOSS) BEFORE TAX	6	36,638	(21,012)
Income tax credit	7	138	6
PROFIT/(LOSS) FOR THE PERIOD		36,776	(21,006)

	Six months ended 30 June	
	2022	2021
<i>Notes</i>	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<u>(87,812)</u>	<u>22,857</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	<u>(51,036)</u>	<u>1,851</u>
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:		
– Owners of the Company	36,776	(21,006)
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>36,776</u>	<u>(21,006)</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD ATTRIBUTABLE TO:		
– Owners of the Company	(51,036)	1,851
– Non-controlling interests	<u>–</u>	<u>–</u>
	<u>(51,036)</u>	<u>1,851</u>
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Basic and diluted	9 <u>HK0.93 cents</u>	<u>(HK0.53 cents)</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2022

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	190,059	197,729
Right-of-use assets	188	1,373
Investment properties	239,569	250,428
Goodwill	210,920	220,528
Interests in associates	–	–
Loan receivable from an associate, net	138,965	145,262
Properties under development	628,781	657,289
	<u>1,408,482</u>	<u>1,472,609</u>
Total non-current assets		
CURRENT ASSETS		
Properties held for sale	808,438	843,907
Trade receivables	867	773
Prepayments, deposits and other receivables	19,013	23,138
Cash and bank balances	20,273	22,271
	<u>848,591</u>	<u>890,089</u>
Total current assets		
CURRENT LIABILITIES		
Trade payables	45,260	48,382
Other payables and accruals	116,021	119,693
Lease liabilities	207	1,389
Amounts due to related companies	152,991	158,107
Amounts due to substantial shareholders	829,199	862,696
Tax payable	588	614
	<u>1,144,266</u>	<u>1,190,881</u>
Total current liabilities		
NET CURRENT LIABILITIES	<u>(295,675)</u>	<u>(300,792)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>1,112,807</u>	<u>1,171,817</u>

	At 30 June 2022 <i>Notes</i> HK\$'000 (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES		
Deferred tax liabilities	<u>172,820</u>	<u>180,794</u>
NET ASSETS	<u>939,987</u>	<u>991,023</u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	983,266	983,266
Other (deficits)/reserves	<u>(43,292)</u>	<u>7,744</u>
	939,974	991,010
Non-controlling interests	<u>13</u>	<u>13</u>
TOTAL EQUITY	<u>939,987</u>	<u>991,023</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Great China Holdings (Hong Kong) Limited (formerly known as Great China Properties Holdings Limited) (the “Company”) is a limited liability company incorporated in Hong Kong. Its registered office is located at Room 6668, 66/F., The Center, 99 Queen’s Road Central, 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 2022 have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The unaudited interim condensed consolidated 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 thousand unless otherwise indicated.

The unaudited interim condensed consolidated financial statements includes an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 31 December 2021, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. They shall be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

The preparation of the unaudited interim condensed consolidated financial statements requires the directors of the Company to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The unaudited interim condensed consolidated financial statements has not been audited by the Company’s independent auditor, but has been reviewed by the Company’s audit committee.

The financial information relating to the financial year ended 31 December 2021 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 2021 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 statements are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of the following revised HKFRSs issued by the HKICPA for the first time for the current period's unaudited interim condensed consolidated financial statements.

Amendments to HKAS 16	Proceeds before Intended Use
Amendments to HKAS 37	Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs	2018-2020 Cycle

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effect on the results and financial position of the Group for the current and prior accounting periods. At the date of authorisation of the unaudited interim condensed consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current period, which the Group has not early adopted. The directors of the Company do not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the results and the financial position of the Group.

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 six months ended 30 June 2022 and 2021.

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	4,474	2,601
Property management income	786	789
	<u>5,260</u>	<u>3,390</u>
Revenue from other sources:		
Gross rental income	1,107	2,079
	<u>1,107</u>	<u>2,079</u>
Total revenue	<u>6,367</u>	<u>5,469</u>
Other income and gains:		
Bank interest income	79	63
Others	153	339
	<u>232</u>	<u>402</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance charges on lease liabilities	<u>36</u>	<u>20</u>

6. PROFIT/(LOSS) BEFORE TAX

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

	Six months ended 30 June	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Staff costs (including directors' remuneration)		
Salaries and wages	7,664	7,912
Pension scheme contributions	741	716
	<u>8,405</u>	<u>8,628</u>
Cost of properties sold	3,290	1,891
Depreciation of property, plant and equipment	118	262
Depreciation of right-of-use assets	1,160	1,430
Auditors' remuneration	425	438
Direct operating expenses arising from investment properties that generated rental income	295	237

7. INCOME TAX 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 2022 and 2021.

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 2022 and 2021. For the six months ended 30 June 2022 and 2021, EIT has not been provided as the Group incurred a loss for taxation purpose.

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	
	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Unaudited)
Deferred tax credited to profit or loss	138	84
LAT in the PRC	—	(78)
Total tax credit for the period	<u>138</u>	<u>6</u>

8. DIVIDEND

The board of the directors does not recommend the payment of an interim dividend for the six months ended 30 June 2022 and 2021.

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	
	2022 (Unaudited)	2021 (Unaudited)
Profit/(Loss) for the period attributable to owners of the Company (<i>HK\$ million</i>)	36.8	(21.0)
Weighted average number of ordinary shares in issue (<i>Million</i>)	3,975	3,975
Basic and diluted profit/(loss) per share (<i>HK cents per share</i>)	<u>0.93</u>	<u>(0.53)</u>

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 2022 and 2021 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 mainly represent sale proceeds in respect of sold properties and property management fee receivables. Sale proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of 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 at the end of the reporting period, based on the invoice date, is as follows:

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Within 30 days	34	133
31 to 60 days	12	61
61 to 90 days	10	61
Over 90 days	<u>811</u>	<u>518</u>
	<u>867</u>	<u>773</u>

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.

11. TRADE PAYABLES

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

	At 30 June 2022 <i>HK\$'000</i> (Unaudited)	At 31 December 2021 <i>HK\$'000</i> (Audited)
Within 30 days	27	25,720
31 to 60 days	27	–
61 to 90 days	47	23
Over 90 days	<u>45,159</u>	<u>22,639</u>
	<u>45,260</u>	<u>48,382</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 June 2022, the Group recorded a turnover of approximately HK\$6.37 million, representing an increase of approximately 16% as compared to the turnover of approximately HK\$5.47 million for the corresponding period of last year. The increase in turnover was mainly resulted from the increase in areas delivered in the sales of properties during the period.

Profit attributable to the owners of the Company was approximately HK\$36.78 million for the six months ended 30 June 2022 compared to the loss of approximately HK\$21.01 million for the corresponding period of last year. This was mainly attributable to the exchange gain arising from the translation of the Group's financial liabilities during the period.

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"). Development of the Gold Coast Project will be divided into two phases with an aggregated gross floor area of approximately 430,000 sq.m. The first phase of the project comprises high block residential buildings with car parks while the second phase of the project comprises high block residential buildings, villas and serviced apartments etc.

The main construction of the residential buildings of phase 1 was completed. Application has been made for the pre-sale permit for phase 1 properties. It is currently expected that the pre-sale permit could be obtained by the end of 2022. The Company is currently setting up a sales center and show house for phase 1 which is expected to be finished before the third quarter of 2022.

Construction of phase 2 is expected to be commenced in the first quarter of 2023. It is expected that the construction of the main building will be completed by the end of 2023. Pre-sale of phase 2 of the Gold Coast Project is expected to be commenced in 2024.

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. 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. At the date of this announcement, the piling of the town house and the construction of the clubhouse in phase, and the basic construction of villas of phase 2 was completed. It was noted that the local government of the Tanghai Country Project has granted the area where the Tanghai Country Project locates as a natural reserve area thus the Company’s original planning of the project may need to be modified in accordance with the local government’s guideline. The Company is actively discussing with the local government regarding the overall planning of the project.

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 2022, rental income of approximately HK\$1.11 million (six months ended 30 June 2021: approximately HK\$2.08 million) from commercial outlets and carparks of Eastern New World Square was recognised as revenue.

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 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 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 and pre-sales of phase 1, phase 2 and phase 3 of the residential portion of Jin Bao Cheng Project was commenced. Proceeds from the sales of Jin Bao Cheng Project of approximately HK\$4.47 million was recognised as revenue for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$2.60 million) and approximately HK\$50.84 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities at 30 June 2022 (31 December 2021: approximately HK\$53.13 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..

In 2020, 中建二局第三建築工程有限公司 (the “Contractor”), a contractor of the Hong Hai Bay Project, had filed a civil suit to Shanwei Intermediate People’s Court (汕尾市中級人民法院) (the “Court”) against the Group for terminating the construction agreements entered with the Group and claim for a total amount of approximately RMB48.5 million, comprising the alleged incurred construction cost and the related interest of approximately RMB15.8 million, the potential profit of the remaining work under the construction agreement of approximately RMB12.7 million and the idle time cost of approximately RMB20.0 million. One of the land parcels of Hong Hai Bay Project was seized by the Court. With reference to a legal opinion from the PRC lawyer, the Group may be liable for paying the outstanding construction cost that actually incurred which shall be determined by the Court in accordance with evidence submitted by both parties but not the amount claimed by the Constructor which has no reasonable ground. Also, Shanwei GCI is still entitled to the ownership of the seized land. Notwithstanding the above, with best and conservative estimation by the management, the Company provided in profit or loss of approximately RMB14.0 million (equivalent to approximately HK\$15.8 million) claimed by the Constructor for the alleged outstanding construction cost during the year ended 31 December 2020. No additional provision is recognised for the six months ended 30 June 2022 as there was no material update for the legal claim during the period. Since the proceeding is at an early stage, the Board considers that, apart from the outstanding construction cost incurred, it is not practical to assess its potential impact on the Company at the moment. In any event, the proceeding will not affect the normal operation of the Group. The Company shall update the shareholders about the proceeding as and when appropriate.

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 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 and loan receivable from an associate. Details please refer to the announcement of the Company dated 16 December 2013 and the circular of the Company dated 30 January 2014. Development of the Heqing Project were completed.

EVENTS AFTER THE REPORTING DATE

Change of Company Name

On 25 April 2022, the Board proposed to change the English name of the Company from “Great China Properties Holdings Limited” to “Great China Holdings (Hong Kong) Limited” and the Chinese name of the Company from “大中華地產控股有限公司” to “大中華控股(香港)有限公司” (the “Change of Company Name”). The Board considered that the Change of Company Name can more accurately reflect the principal activities of the Group and provide the Company with a new corporate image and identity. The Change of Company Name was approved by the shareholders at the Annual General Meeting held by the Company on 27 May 2022. The Certificate of Change of Name was issued by the Registrar of Companies in Hong Kong on 7 July 2022 confirming that the Change of Company Name has become effective.

The stock short names for trading in the shares of the Company on the Stock Exchange has been changed from “GREAT CHI PPT” to “GREAT CHI HLDGS” in English and from “大中華地產控股” to “大中華控股” in Chinese, both with effect from 3 August 2022. The stock code of the Company on the Stock Exchange remains unchanged as “21”. Details are set out in the announcement of the Company dated 29 July 2022.

Connected Transaction – Property Lease Agreements

On 1 August 2022, (i) 滙通天下控股(中國)有限公司(Waytung Global Holding (China) Limited*) (“Waytung China”) and 大中華國際集團(中國)有限公司(Great China International Group Limited*) (“GCI”) entered into the Property Leasing Agreement I; (ii) 大中華實業(惠州)有限公司(Great China Enterprises (Huizhou) Limited*) (“Great China (Huizhou)”) and GCI entered into the Property Leasing Agreement II; and (iii) 汕尾市大中華實業有限公司(Shanwei Great China Enterprises Limited*) (“Great China (Shanwei)”) and GCI entered into the Property Leasing Agreement III.

In accordance with HKFRS 16 “Leases”, the Group will recognise right-of-use assets in its consolidated statement of financial position in respect of the leased properties under the Property Lease Agreements.

Each of Waytung China, Great China (Huizhou) and Great China (Shanwei) is a wholly-owned subsidiary of the Company. GCI is indirectly wholly-owned by Mr. Huang Shih Tsai, the executive Director, controlling shareholders and chairman of the Group. As such, GCI is a connected person to the Company. Pursuant to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Lease Agreements constitute a one-off connected transaction of the Company.

According to the Property Lease Agreements, (i) Waytung China shall pay a monthly rental of RMB28,000; (ii) Great China (Huizhou) shall pay a monthly rental of RMB43,600; and (iii) Great China (Shanwei) shall pay a monthly rental of RMB93,000. Please refer to the announcement of the Company dated 1 August 2022 for details of the transactions.

BUSINESS OUTLOOK

The pandemic has resulted in an extremely complicated external environment with lots of uncertainties in recent years. It has put forward higher requirements for the 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

At 30 June 2022, bank balances and cash of the Group amounted to approximately HK\$20.27 million (31 December 2021: approximately HK\$22.27 million). The Group's total current assets at 30 June 2022 amounted to approximately HK\$848.59 million (31 December 2021: approximately HK\$890.09 million), which comprised properties held for sale, trade receivables, prepayments, deposits and other receivables and cash and bank balances. The Group's total current liabilities at 30 June 2022 amounted to approximately HK\$1,144.27 million (31 December 2021: approximately HK\$1,190.88 million), which comprised trade payables, other payables and accruals, lease liabilities, amounts due to related companies, amounts due to substantial shareholders and tax payable. At 30 June 2022, the Group's gearing ratio, defined as lease liabilities divided by total equity, was approximately 0.02% (31 December 2021: approximately 0.14%).

CAPITAL COMMITMENT

At 30 June 2022, the Group had a total capital commitment of approximately HK\$400.77 million (31 December 2021: approximately HK\$407.56 million), contracted for but not provided in the unaudited interim condensed consolidated financial statements, which comprised (i) approximately HK\$177.03 million (31 December 2021: approximately HK\$173.68 million) in respect of the construction and development of properties and (ii) approximately HK\$223.74 million (31 December 2021: approximately HK\$233.88 million) in respect of the loan contributions payable to an associate.

CONTINGENT LIABILITIES

At 30 June 2022, the Group has provided guarantees to financial institutions amounting to approximately HK\$78.58 million (31 December 2021: approximately HK\$87.16 million) in respect of the mortgage facilities for certain properties to the purchasers of the Group. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to financial institutions. The Group is then entitled to take over the legal title of the related properties. Such guarantees will be released by financial institutions upon delivery of the properties to the purchasers and completion of the relevant mortgage properties registration.

CHARGES ON ASSETS

At 30 June 2022, the Group did not charge any of its assets (31 December 2021: Nil).

EMPLOYEES

At 30 June 2022, the Group employed 68 employees (excluding directors) (31 December 2021: 80 employees) and the related staff costs amounted to approximately HK\$7.81 million for the six months ended 30 June 2022 (six months ended 30 June 2021: approximately HK\$7.90 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 2022 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	Granted	Exercised	Lapsed/	Number of
				share options held at 1 January 2022	during the six months ended 30 June 2022	during the six months ended 30 June 2022	cancelled during the six months ended 30 June 2022	share options held at 30 June 2022
Directors								
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
Sub-total				5,000,000	–	–	–	5,000,000
Employees	23/1/2013	23/1/2015 to 22/1/2023	0.440	500,000	–	–	–	500,000
Total				5,500,000	–	–	–	5,500,000

At 30 June 2022, 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

At 30 June 2022, 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 Securities and Futures Ordinance (“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 at 30 June 2022.
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

At 30 June 2022, 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)	<u>282,133,413</u>	<u>7.10</u>

Notes:

1. The percentage shareholding in the Company is calculated on the basis of 3,975,233,406 Shares in issue at 30 June 2022.
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, at 30 June 2022, 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 2022.

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 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transaction by Directors of listed issuers (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 2022.

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 2022.

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 2022.

By order of the board of directors
Great China Holdings (Hong Kong) Limited
Huang Shih Tsai
Chairman

Hong Kong, 30 August 2022

At the date of this announcement, 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

* *For identification purpose only*