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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The Board of Directors (the "Board") of Great China Holdings (Hong Kong) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022 together with the comparative figures for the corresponding year in 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	Notes	**2022** **HK$'000**	2021 HK$'000
REVENUE	*7*	**12,546**	10,018
Cost of sales and services		**(7,942)**	(4,890)
Gross profit		**4,604**	5,128
Other income and gains	*7*	**500**	507
Selling and distribution expenses		**(2,249)**	(2,737)
Administrative and operating expenses		**(18,259)**	(22,916)
Foreign exchange gain (loss), net		**69,739**	(27,800)
Finance costs	*8*	**(65)**	(64)
PROFIT (LOSS) BEFORE TAX	*9*	**54,270**	(47,882)
Income tax (expenses) credit	*10*	**(1,249)**	209
PROFIT (LOSS) FOR THE YEAR		**53,021**	(47,673)

	Notes	**2022** *HK$'000*	2021 *HK$'000*
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(148,678)**	54,631
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR		**(95,657)**	6,958
PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		**53,021**	(47,673)
– Non-controlling interests		**–**	–
		53,021	(47,673)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR ATTRIBUTABLE TO:			
– Owners of the Company		**(95,657)**	6,958
– Non-controlling interests		**–**	–
		(95,657)	6,958
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	*12*	**HK1.33 cents**	(HK1.20 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	Notes	**2022**	2021
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**182,935**	197,729
Right-of-use assets		**1,857**	1,373
Investment properties		**230,713**	250,428
Goodwill		**203,086**	220,528
Interests in associates		**–**	–
Loan receivable from an associate, net		**133,830**	145,262
Properties under development		**607,386**	657,289
Total non-current assets		**1,359,807**	1,472,609
CURRENT ASSETS			
Properties held for sale		**803,985**	843,907
Trade receivables	*13*	**1,762**	773
Prepayments, deposits and other receivables		**22,863**	23,138
Cash and bank balances		**19,741**	22,271
Total current assets		**848,351**	890,089
CURRENT LIABILITIES			
Trade payables	*14*	**45,071**	48,382
Other payables and accruals		**125,494**	119,693
Lease liabilities		**1,773**	1,389
Amounts due to related companies		**173,751**	158,107
Amounts due to substantial shareholders		**799,748**	862,696
Tax payable		**566**	614
Total current liabilities		**1,146,403**	1,190,881
NET CURRENT LIABILITIES		**(298,052)**	(300,792)
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,061,755**	1,171,817

	2022	2021
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Deferred tax liabilities	**166,284**	180,794
Lease liabilities	**105**	–
Total non-current liabilities	**166,389**	180,794
Net assets	**895,366**	991,023
EQUITY		
Equity attributable to owners of the Company		
Share capital	**983,266**	983,266
Other reserves	**(87,913)**	7,744
	895,353	991,010
Non-controlling interests	**13**	13
Total equity	**895,366**	991,023

NOTES:

Year ended 31 December 2022

1. CORPORATE INFORMATION

Great China Holdings (Hong Kong) Limited (the "Company", together with its subsidiaries, the "Group") 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 is an investment holding company and the principal activities of its subsidiaries are engaged in property development and investment.

Following the passing of a special resolution in relation to the change of company name by the Company's shareholders at the annual general meeting on 27 May 2022, the name of the Company was changed from Great China Properties Holdings Limited to Great China Holdings (Hong Kong) Limited with effect from 7 July 2022 when the Certificate of Change of Name was issued by the Registrar of Companies in Hong Kong.

2. BASIS OF PREPARATION

The Group had net current liabilities of HK$298,052,000 at 31 December 2022 and net cash used in operating activities of HK$30,529,000 for the year ended 31 December 2022. Notwithstanding of the above, the directors of the Company consider the going concern basis of preparation of the consolidated financial statements is appropriate after taking into consideration of the following:

(a) The Group is able to generate operating profits and cash inflows from future sales of properties; and

(b) A 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 in aggregate of HK$953,444,000 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.

The 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 Companies Ordinance. The 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 (the "Listing Rules").

The consolidated financial statements have been prepared under the historical cost convention, except for investment properties which have been measured at fair value as explained in the accounting policies set out below.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except where 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 period 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, 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.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control as stated below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

– the contractual arrangement with the other vote holders of the investee;

– rights arising from other contractual arrangements; and

– the Group's voting rights and potential voting rights.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2021 consolidated financial statements except for the adoption of the following new/revised HKFRSs issued by the HKICPA, which are relevant to the Group and effective for the annual period beginning on 1 January 2022, and which the Group elected to early adopt in the current year:

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

Amendments to HKAS 16: Proceeds before Intended Use

The amendments clarify the accounting requirements for proceeds received by an entity from selling items produced while testing an item of property, plant or equipment before it is used for its intended purpose. An entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss and measures the cost of those items applying the measurement requirements of HKAS 2.

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

Amendments to HKAS 37: Cost of Fulfilling a Contract

The amendments clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (for example, direct labour and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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

Amendments to HKFRS 3: Reference to the Conceptual Framework

The amendments update a reference in HKFRS 3 to the Conceptual Framework for Financial Reporting issued in 2018. The amendments also add to HKFRS 3 an exception to its requirement for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying HKFRS 3 should instead refer to HKAS 37. The exception has been added to avoid an unintended consequence of updating the reference.

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

Annual Improvements Project – 2018-2020 Cycle

HKFRS 1: Subsidiary as a First-time Adopter

This amendment simplifies the application of HKFRS 1 for a subsidiary that becomes a first-time adopter of HKFRSs later than its parent – i.e. if a subsidiary adopts HKFRSs later than its parent and applies HKFRS 1.D16(a), then a subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on the parent's date of transition to HKFRSs.

HKFRS 9: Fees in the "10 per cent" Test for Derecognition of Financial Liabilities

This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

HKFRS 16: Lease Incentives

The amendment removes the illustration of payments from the lessor relating to leasehold improvements. As currently drafted, Example 13 is not clear as to why such payments are not a lease incentive.

HKAS 41: Taxation in Fair Value Measurements

This amendment removes the requirement to exclude cash flows for taxation when measuring fair value, thereby aligning the fair value measurement requirements in HKAS 41 with those in HKFRS 13.

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

4. 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.

Amendments to HKAS 1	Disclosure of Accounting Policies [1]
Amendments to HKAS 8	Definition of Accounting Estimates [1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction [1]
HKFRS 17	Insurance Contracts [1]
Amendment to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information [1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [2]
Amendments to HKAS 1	Non-current Liabilities with Covenants [2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2023

[2] Effective for annual periods beginning on or after 1 January 2024

[3] The effective date to be determined

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.

5. PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The financial information relating to the years ended 31 December 2022 and 2021 included in this preliminary announcement of 2022 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 Companies Ordinance is as follows:

The Company had delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The financial statements for the year ended 31 December 2022 have yet to be reported by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company's auditor had reported the financial statements of the Group for the year ended 31 December 2021. 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 the reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

6. OPERATING SEGMENT INFORMATION

The Group has a single reportable segment based on the location of the operations, which is 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.

Information about major customers

Rental income of HK$1,966,000 (2021: HK$2,966,000) was derived from the Group's two largest customers.

7. REVENUE AND OTHER INCOME AND GAINS

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

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	**8,942**	4,733
Property management income	**1,390**	1,574
	10,332	6,307
Revenue from other sources:		
Gross rental income	**2,214**	3,711
Total revenue	**12,546**	10,018
Other income and gains:		
Bank interest income	**134**	133
Others	**366**	374
	500	507

The revenue from contracts with customers within HKFRS 15 is disaggregated as follows:

	Sales of properties *HK$'000*	**Property management income** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2022			
Timing of revenue recognition:			
– At a point in time	**8,942**	**–**	**8,942**
– Over time	**–**	**1,390**	**1,390**
	8,942	**1,390**	**10,332**

	Sales of properties *HK$'000*	Property management income *HK$'000*	Total *HK$'000*
Year ended 31 December 2021			
Timing of revenue recognition:			
– At a point in time	4,733	–	4,733
– Over time	–	1,574	1,574
	4,733	1,574	6,307

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2022 *HK$'000*	2021 *HK$'000*
Finance charges on lease liabilities	**65**	64

9. PROFIT (LOSS) BEFORE TAX

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

	2022	2021
	HK$'000	*HK$'000*
Staff costs (including directors' remuneration)		
Salaries, allowances and benefits in kind	**11,128**	12,516
Pension scheme contributions	**1,079**	1,082
	12,207	13,598
Cost of properties sold	**6,939**	3,869
Depreciation of property, plant and equipment	**212**	467
Depreciation of right-of-use assets	**2,451**	2,432
Auditor's remuneration	**900**	850
Direct operating expenses arising from investment properties that generated rental income	**539**	563
Gain on disposal of a subsidiary	**(109)**	–
Short-term lease payments	**65**	–

Note:

For the years ended 31 December 2022 and 2021, there were no forfeited contribution which were available to reduce the Group's existing level of contributions to the MPF Scheme and the PRC pension scheme.

10. INCOME TAX EXPENSES (CREDIT)

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 2022 and 2021.

Pursuant to the rules and regulations of the British Virgin Islands (the "BVI"), the Group is not subject to any taxation under this jurisdiction.

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 years ended 31 December 2022 and 2021. For the years ended 31 December 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.

	2022	2021
	HK$'000	*HK$'000*
Deferred tax credited to profit or loss	**(286)**	(209)
LAT in the PRC	**1,535**	–
Total income tax expenses (credit) for the year	**1,249**	(209)

A reconciliation of the income tax expenses (credit) to profit (loss) before tax at the statutory rates of the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled is as follows:

	2022	2021
	HK$'000	*HK$'000*
Profit (Loss) before tax	**54,270**	(47,882)
Tax at the statutory tax rate applicable to profits in respective countries	**8,050**	(9,236)
Income not subject to tax	**(13,467)**	(929)
Expenses not deductible for tax	**2,734**	6,205
Tax losses not recognised	**3,715**	3,003
LAT	**1,535**	–
Utilisation of previously unrecognised tax losses	**(1)**	(102)
Others	**(1,317)**	850
Income tax expenses (credit)	**1,249**	(209)

11. DIVIDEND

The board of directors does not recommend the payment of any dividend for the years ended 31 December 2022 and 2021.

12. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2022	2021
Profit (Loss) for the year attributable to owners of the Company *(HK$ million)*	**53.02**	(47.67)
Weighted average number of ordinary shares *(Million)*	**3,975**	3,975
Basic and diluted earnings (loss) per share *(HK cents per share)*	**1.33**	(1.20)

Diluted earnings (loss) per share is the same as the basic earnings (loss) per share as the Company's share options have no dilutive effect for the years ended 31 December 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 the years.

13. 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 the management of the Group. 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:

	2022 ***HK$'000***	2021 *HK$'000*
Within 30 days	**63**	133
31 to 60 days	**26**	61
61 to 90 days	**32**	61
Over 90 days	**1,641**	518
	1,762	773

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 loss ("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.

14. TRADE PAYABLES

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

	2022	2021
	HK$'000	*HK$'000*
Within 30 days	**1,832**	25,720
31 to 60 days	**27**	–
61 to 90 days	**25**	23
Over 90 days	**43,187**	22,639
	45,071	48,382

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the year ended 31 December 2022, the Group recorded a turnover of approximately HK$12.55 million, representing an increase of approximately 25.25% as compared to the turnover of approximately HK$10.02 million for last year. The increase in turnover was mainly resulted from the increase in areas delivered in the sales of properties.

Profit attributable to owners of the Company was approximately HK$53.02 million for the year ended 31 December 2022 compared to the loss attributable to the owners of Company of approximately HK$47.67 million for last year. This was mainly attributable to the exchange gain arising from the translation of the Group's financial liabilities during the year.

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 中國廣東省汕尾市海豐縣鮜門鎮百安半島 (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 presale permit could be obtained in the second quarter of 2023. The Company is currently setting up a sales center and show room for phase 1 which will be opened upon obtaining of the presale permit. 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 with a total gross floor area of approximately 69,171.7 sq.m. located at 中國廣東省惠州市大亞灣澳頭鎮中興中路一號 (No.1 Zhongxing Zhong Road, Aotou Town, Daya Bay, Huizhou City, Guangdong Province, the PRC*). During the year ended 31 December 2022, rental income of approximately HK$2.21 million from commercial outlets and car park of Eastern New World Square (2021: approximately HK$3.71 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 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$8.94 million was recognised as revenue for the year ended 31 December 2022 (2021: approximately HK$4.24 million) and approximately HK$59.61 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities at 31 December 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 management of the Group'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, 汕尾大中華國際實業有限公司 is still entitled to the ownership of the seized land. Notwithstanding the above, with best and conservative estimation by the management of the Group, 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 year ended 31 December 2022 as there was no material update for the legal claim during the period. Since the proceeding is at an early stage, the management of the Group 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 (a) 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 (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*); and (b) 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 (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*). 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.

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. With the loosening of the COVID-control measures in the PRC, the Group will review and adjust its development and sales schedule in accordance with the market conditions and the overall environment. 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. 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 31 December 2022, bank balances and cash of the Group amounted to approximately HK$19.74 million (31 December 2021: HK$22.27 million). The Group's total current assets as at 31 December 2022 amounted to approximately HK$848.35 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 31 December 2022 amounted to approximately HK$1,146.40 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 31 December 2022, the Group's gearing ratio, defined as lease liabilities divided by total equity, was approximately 0.21% (31 December 2021: 0.14%).

CAPITAL COMMITMENT

As at 31 December 2022, the Group had a total capital commitment of approximately HK$460.58 million (31 December 2021: approximately HK$407.56 million), contracted for but not provided in the consolidated financial statements, which comprised (i) approximately HK$245.11 million (31 December 2021: approximately HK$173.68 million) in respect of the construction and development of properties and (ii) approximately HK$215.47 million (31 December 2021: approximately HK$233.88 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

At 31 December 2022, the Group has provided guarantees to financial institutions amounting to approximately HK$80.64 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

As at 31 December 2022, the Group did not charge any of its assets (31 December 2021: 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 2022, the Group employed 55 employees (excluding directors) (31 December 2021: 80 employees) and the related staff costs amounted to approximately HK$10.99 million (2021: approximately HK$12.43 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, 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 year ended 31 December 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 year ended 31 December 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as 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 2022.

AUDIT COMMITTEE AND REVIEW OF ANNUAL RESULTS

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 result for the year ended 31 December 2022 has been reviewed by the Audit Committee.

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of comprehensive income, and related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditors, Mazars CPA Limited ("Mazars"), to the amounts set out in the Company's draft consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Mazars on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 23 May 2023 to Friday, 26 May 2023, both days inclusive, during the period of closure no transfer of shares will be registered. In order to ascertain the right to attend the 2023 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 22 May 2023.

* *for identification purpose only*

By Order of the Board
Great China Holdings (Hong Kong) Limited
Huang Shih Tsai
Chairman

Hong Kong, 29 March 2023

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); one Non-executive Director, namely Mr. Li Xiaohua; and three Independent Non-executive Directors, namely Mr. Cheng Hong Kei, Mr. Leung Kwan, Hermann and Mr. Lum Pak Sum.