



Great China Holdings (Hong Kong) Limited

大中華控股(香港)有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 00021

INTERIM REPORT

2023



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
REVENUE	4	18,725	6,367
Cost of sales and services		(11,993)	(3,989)
GROSS PROFIT		6,732	2,378
Other income and gains	4	144	232
Selling and distribution expenses		(1,918)	(1,174)
Administrative and operating expenses		(10,388)	(9,041)
Foreign exchange gain, net		33,627	44,279
Finance costs	5	(27)	(36)
PROFIT BEFORE TAX	6	28,170	36,638
Income tax (expenses) credit	7	(110)	138
PROFIT FOR THE PERIOD		28,060	36,776
OTHER COMPREHENSIVE LOSS FOR THE PERIOD			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(76,802)	(87,812)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(48,742)	(51,036)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
– Owners of the Company		28,060	36,776
– Non-controlling interests		–	–
		28,060	36,776
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO:			
– Owners of the Company		(48,742)	(51,036)
– Non-controlling interests		–	–
		(48,742)	(51,036)
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY			
Basic and diluted	9	HK0.71 cents	HK0.93 cents

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

	Notes	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	175,732	182,935
Right-of-use assets	11	603	1,857
Investment properties	12	220,549	230,713
Goodwill		194,094	203,086
Interests in associates		–	–
Loan receivable from an associate, net		127,936	133,830
Properties under development	13	581,731	607,386
Total non-current assets		1,300,645	1,389,807
CURRENT ASSETS			
Properties held for sale		767,654	803,985
Trade receivables	14	1,863	1,762
Prepayments, deposits and other receivables	15	30,991	22,863
Cash and bank balances		34,518	19,741
Total current assets		835,026	848,351
CURRENT LIABILITIES			
Trade payables	16	43,661	45,071
Other payables and accruals		142,003	125,494
Lease liabilities	11	605	1,773
Promissory note	17	22,300	–
Amounts due to related companies		174,290	173,751
Amounts due to substantial shareholders		747,521	799,748
Tax payable		97	566
Total current liabilities		1,130,477	1,146,403
NET CURRENT LIABILITIES		(295,451)	(298,052)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,005,194	1,061,755

	<i>Notes</i>	At 30 June 2023 <i>HK\$'000</i> (Unaudited)	At 31 December 2022 <i>HK\$'000</i> (Audited)
NON-CURRENT LIABILITIES			
Deferred tax liabilities		158,560	166,284
Lease liabilities	<i>11</i>	10	105
TOTAL NON-CURRENT LIABILITIES		158,570	166,389
NET ASSETS		846,624	895,366
EQUITY			
Equity attributable to owners of the Company			
Share capital	<i>18</i>	983,266	983,266
Other deficits		(136,655)	(87,913)
		846,611	895,353
Non-controlling interests		13	13
TOTAL EQUITY		846,624	895,366

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	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 2022 (Audited)	983,266	265,505	1,607	(101)	(259,267)	991,010	13	991,023
Profit for the period	-	-	-	-	36,776	36,776	-	36,776
Other comprehensive loss for the period:								
Exchange differences arising on translation of foreign operations	-	-	-	(87,812)	-	(87,812)	-	(87,812)
Total comprehensive loss for the period	-	-	-	(87,812)	36,776	(51,036)	-	(51,036)
At 30 June 2022 (Unaudited)	983,266	265,505	1,607	(87,913)	(222,491)	939,974	13	939,987
At 1 January 2023 (Audited)	983,266	265,505	1,607	(148,779)	(206,246)	895,353	13	895,366
Profit for the period	-	-	-	-	28,060	28,060	-	28,060
Other comprehensive loss for the period:								
Exchange differences arising on translation of foreign operations	-	-	-	(76,802)	-	(76,802)	-	(76,802)
Total comprehensive loss for the period	-	-	-	(76,802)	28,060	(48,742)	-	(48,742)
Share options lapsed	-	-	(1,607)	-	1,607	-	-	-
At 30 June 2023 (Unaudited)	983,266	265,505	-	(225,581)	(176,579)	846,611	13	846,624

* These reserve accounts represent in aggregate the consolidated deficits of approximately HK\$136,655,000 (31 December 2022: consolidated deficits of approximately HK\$87,913,000) in the unaudited interim condensed consolidated statement of financial position.

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
CASH FLOWS GENERATED FROM (USED IN)			
OPERATING ACTIVITIES			
Profit before tax		28,170	36,638
Adjustments for:			
Bank interest income	4	(92)	(79)
Finance costs	5	27	36
Depreciation of property, plant and equipment	6	49	118
Depreciation of right-of-use assets	6	1,252	1,160
Exchange difference, net		(26,380)	(44,587)
		3,026	(6,714)
Increase in properties held for sale		(9,058)	(1,162)
Increase in properties under development		(1,104)	–
Increase in trade receivables		(179)	(128)
(Increase) Decrease in prepayments, deposits and other receivables		(9,603)	3,154
Increase (Decrease) in trade payables		576	(1,024)
Increase in other payables and accruals		21,775	1,319
Cash generated from (used in) operations		5,433	(4,555)
PRC tax paid		(469)	–
Net cash flows from (used in) operating activities		4,964	(4,555)
CASH FLOWS GENERATED FROM (USED IN)			
INVESTING ACTIVITIES			
Bank interest received		92	79
Purchases of property, plant and equipment		(906)	(1,021)
(Increase) Decrease in pledged and restricted bank balances		(14,494)	4,916
Net cash flows (used in) from investing activities		(15,308)	3,974

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		
Interest paid	(27)	(36)
(Repayment to) Advance from substantial shareholders	(17,688)	3,404
Advance from related companies	8,194	2,218
Proceed from issuance of promissory note	22,300	–
Repayment of lease liabilities	(1,288)	(1,121)
Net cash flows from financing activities	11,491	4,465
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,147	3,884
Cash and cash equivalents at beginning of the period	589	1,080
Effect of foreign exchanges, net	(20)	(47)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	1,716	4,917
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	34,518	20,273
Less: Pledged and restricted bank balances	(32,802)	(15,356)
	1,716	4,917

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2023

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Great China Holdings (Hong Kong) 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 2023 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 2022, 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 2022.

The preparation of the unaudited interim condensed consolidated financial statements in conformity with HKAS 34 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 2022 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 2022 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 2022, 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 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
HKFRS 17	Insurance contracts
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information

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 2023 and 2022.

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue from contracts with customers within HKFRS 15:		
Sales of properties	13,470	4,474
Property management income	3,775	786
	17,245	5,260
Revenue from other sources:		
Gross rental income	1,480	1,107
Total revenue	18,725	6,367
Other income and gains:		
Bank interest income	92	79
Others	52	153
	144	232

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Finance charges on lease liabilities	27	36

6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Staff costs (including directors' remuneration)		
Salaries, allowances and benefit in kind	7,351	7,664
Pension scheme contributions	852	741
	8,203	8,405
Cost of properties sold	10,023	3,290
Depreciation of property, plant and equipment	49	118
Depreciation of right-of-use assets	1,252	1,160
Auditors' remuneration	455	425
Direct operating expenses arising from investment properties that generated rental income	195	295

7. 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 six months ended 30 June 2023 and 2022.

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 2023 and 2022. For the six months ended 30 June 2023 and 2022, 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	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Deferred tax credited to profit or loss	421	138
LAT in the PRC	(531)	–
Total income tax (expenses) credit for the period	(110)	138

8. DIVIDEND

The board of the directors does not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit for the period attributable to owners of the Company (<i>HK\$ million</i>)	28.1	36.8
Weighted average number of ordinary shares in issue (<i>Million</i>)	3,975	3,975
Basic and diluted earnings per share (<i>HK cents per share</i>)	0.71	0.93

No diluted earnings per share for the six months ended 30 June 2023 was presented as there were no potential ordinary shares in issue.

Diluted earnings per share was same as the basic earnings per share as the Company's share options had no dilutive effect for the six months ended 30 June 2022 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold	Machinery	Furniture and	Computer	Motor	Buildings	Total
	Improvements		fixtures	equipment	vehicles	under construction	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 30 June 2023							
At 1 January 2023, net of accumulated depreciation (Audited)	502	48	303	37	116	181,929	182,935
Additions	-	-	59	-	-	847	906
Depreciation	-	-	(46)	(3)	-	-	(49)
Exchange realignment	(22)	(2)	(15)	(1)	(5)	(8,015)	(8,060)
At 30 June 2023, net of accumulated depreciation (Unaudited)	480	46	301	33	111	174,761	175,732

At 30 June 2023, the Group's buildings under construction, included prepaid land lease payments on lease of land in the PRC, with the remaining lease term of 24 years (31 December 2022: 25 years).

11. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	Office premises HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Six months ended 30 June 2023			
At 1 January 2023, net of accumulated depreciation (Audited)	1,857	–	1,857
Depreciation	(1,252)	–	1,252
Exchange realignment	(2)	–	(2)
At 30 June 2023, net of accumulated depreciation (Unaudited)	603	–	603

	Office premises HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
At 30 June 2023			
Cost	10,681	808	11,489
Accumulated depreciation	(10,078)	(808)	(10,886)
Net carrying amount (Unaudited)	603	–	603

The Group leases various office premises and motor vehicles for its daily operations. The lease terms range from 13 months to 2 years.

Lease liabilities

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Lease liabilities		
Current	605	1,773
Non-current	10	105
	615	1,878

12. INVESTMENT PROPERTIES

	Completed investment properties at fair value HK\$'000	Investment properties under construction at cost HK\$'000	Total HK\$'000
Six months ended 30 June 2023			
Carrying amount at 1 January 2023 (Audited)	215,579	15,134	230,713
Exchange realignment	(9,497)	(667)	(10,164)
Carrying amount at 30 June 2023 (Unaudited)	206,082	14,467	220,549

Notes:

- The investment properties represent interests in land held under medium term leases in the PRC and buildings erected or being erected thereon.
- The directors of the Company have determined that the completed investment properties are held to earn rental income and/or for capital appreciation and are measured using the fair value model. The Group's completed investment properties were valued at 30 June 2023 by Ravia Global Appraisal Advisory Limited, an independent professionally qualified valuer, using the same valuation techniques as those being applied when carrying out the valuation at 31 December 2022.
- Investment properties under construction are measured at cost until such time as fair value can be determined reliably or construction is completed. The Group has concluded that the fair value of these investment properties under construction cannot be measured reliably and were therefore measured at cost in the interim condensed consolidated statement of financial position.

13. PROPERTIES UNDER DEVELOPMENT

	Properties under development at cost HK\$'000
Six months ended 30 June 2023	
Carrying amount at 1 January 2023 (Audited)	607,386
Additions	1,104
Exchange realignment	(26,759)
Carrying amount at 30 June 2023 (Unaudited)	581,731

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

14. 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. 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 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Within 30 days	108	63
31 to 60 days	29	26
61 to 90 days	29	32
Over 90 days	1,697	1,641
	1,863	1,762

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 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Prepayments	20,538	12,964
Deposits paid	183	186
Other receivables	11,642	11,148
	32,363	24,298
Less: Loss allowance for other receivables	(1,372)	(1,435)
	30,991	22,863

16. 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 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Within 30 days	490	1,832
31 to 60 days	750	27
61 to 90 days	1,945	25
Over 90 days	40,470	43,187
	43,661	45,071

17. PROMISSORY NOTE

During the six months ended 30 June 2023, a promissory note with principal amount of approximately HK\$22,300,000 was issued by the Company to an independent third party. The promissory note bears interest rate of 5% per annum and will be mature on 30 June 2024.

18. SHARE CAPITAL

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Issued and fully paid:		
3,975,233,406 (31 December 2022: 3,975,233,406) ordinary shares	983,266	983,266

19. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	At 30 June 2023 HK\$'000 (Unaudited)	At 31 December 2022 HK\$'000 (Audited)
Contracted, but not provided for:		
Construction and development of properties	259,180	245,114
Loan contributions payable to an associate	205,974	215,467
	465,154	460,581

20. CONTINGENT LIABILITIES

At 30 June 2023, the Group has contingent liabilities of approximately HK\$121,117,000 (31 December 2022: approximately HK\$80,639,000) of which the Group has given guarantees of approximately HK\$121,117,000 (31 December 2022: approximately HK\$80,639,000) 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.

In the opinion of the directors of the Company, the fair value of the guarantees is not significant and 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 unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 and 2022.

21. RELATED PARTY TRANSACTIONS

(a) Amounts due to related companies

The amounts due to related companies 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 amounts due to substantial shareholders are unsecured, non-interest bearing and repayable on demand. The amounts represent advances to the Group for its working capital requirements.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries, allowances and benefit in kind	659	584
Pension scheme contributions	9	9
Total compensation paid/payable to key management personnel	668	593

22. 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 unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. There have been no significant changes in risk management process and policies since 1 January 2023.

(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 directors of the Company determined that the fair value of the financial assets and liabilities reported in the unaudited interim condensed consolidated statement of financial position approximate to their carrying amounts.

23. APPROVAL OF UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 were approved and authorised for issue by the board of directors on 30 August 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

For the six months ended 30 June 2023, the Group recorded a turnover of approximately HK\$18.73 million, representing an increase of approximately 194% as compared to the turnover of approximately HK\$6.37 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 and areas under management during the period.

Profit attributable to the owners of the Company was approximately HK\$28.06 million for the six months ended 30 June 2023 compared to the profit of approximately HK\$36.78 million for the corresponding period of last year. This was mainly attributable to the net effect of decrease in exchange gain arising from the translation of the Group's financial liabilities and increase in gross profit arising from the increase in turnover as mentioned above 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 comprise 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 second half of 2023. It is expected that the construction of the main building will be completed by the second half of 2024. 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 interim report, 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 2023, rental income of approximately HK\$1.48 million (six months ended 30 June 2022: approximately HK\$1.11 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\$13.47 million was recognised as revenue for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$4.47 million) and approximately HK\$73.20 million was received from pre-sales of Jin Bao Cheng Project as contract liabilities at 30 June 2023 (31 December 2022: approximately HK\$59.61 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 2023 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.

ADOPTION OF THE NEW ARTICLES OF ASSOCIATION

The Company has adopted the new articles of association (the “New Articles of Association”) by a special resolution at the annual general meeting of the Company held on 2 June 2023 (“AGM”). The New Articles of Association took effect upon conclusion of the AGM. Full text of the New Articles of Association is available on the websites of the Stock Exchange and the Company.

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 2023, bank balances and cash of the Group amounted to approximately HK\$34.52 million (31 December 2022: approximately HK\$19.74 million). The Group’s total current assets at 30 June 2023 amounted to approximately HK\$835.03 million (31 December 2022: approximately HK\$848.35 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 2023 amounted to approximately HK\$1,130.48 million (31 December 2022: approximately HK\$1,146.40 million), which comprised trade payables, other payables and accruals, lease liabilities, promissory note, amounts due to related companies, amounts due to substantial shareholders and tax payable. At 30 June 2023, the Group’s gearing ratio, defined as promissory note and lease liabilities divided by total equity, was approximately 2.71% (31 December 2022: approximately 0.21%).

CAPITAL COMMITMENT

At 30 June 2023, the Group had a total capital commitment of approximately HK\$465.15 million (31 December 2022: approximately HK\$460.58 million), contracted for but not provided in the unaudited interim condensed consolidated financial statements, which comprised (i) approximately HK\$259.18 million (31 December 2022: approximately HK\$245.11 million) in respect of the construction and development of properties and (ii) approximately HK\$205.97 million (31 December 2022: approximately HK\$215.47 million) in respect of the loan contributions payable to an associate.

* for identification purpose only

CONTINGENT LIABILITIES

At 30 June 2023, the Group has provided guarantees to financial institutions amounting to approximately HK\$121.12 million (31 December 2022: approximately HK\$80.64 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 2023, the Group did not charge any of its assets (31 December 2022: Nil).

EMPLOYEES

At 30 June 2023, the Group employed 102 employees (excluding directors) (31 December 2022: 94 employees) and the related staff costs amounted to approximately HK\$7.54 million for the six months ended 30 June 2023 (six months ended 30 June 2022: approximately HK\$7.81 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 2023 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 at 1 January 2023	Granted	Exercised	Lapsed/ Cancelled	Number of share options held at 30 June 2023
					during the six months ended 30 June 2023	during the six months ended 30 June 2023	during the six months ended 30 June 2023	
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 2023, the Company had no outstanding share options.

DISCLOSURE OF INTERESTS

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

At 30 June 2023, 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			Approximate percentage of the issued share capital of the Company (Note 1)
		Personal interests	Corporate interests	Total	
Mr. Huang Shih Tsai (Note 2)	Beneficial Owner	1,848,162,476	-	1,848,162,476	46.49%
Ms. Huang Wenxi (Note 3)	Beneficial Owner	353,667,996	282,133,413	635,801,409	15.99%

Notes:

- The percentage shareholding in the Company is calculated on the basis of 3,975,233,406 Shares in issue at 30 June 2023.
- The interest disclosed represents Mr. Huang's personal interest in 1,848,162,476 shares.
- The interest disclosed represents (i) Ms. Huang's personal interest in 353,667,996 shares; and (ii) 282,133,413 shares held by Brilliant China Group Limited which is 100% owned by Ms. Huang.

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 2023, 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:

1. The percentage shareholding in the Company is calculated on the basis of 3,975,233,406 Shares in issue at 30 June 2023.
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 2023, 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 2023.

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 2023.

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 2023.

CHANGE OF DIRECTORS AND SENIOR MANAGEMENT

For the six months ended 30 June 2023, the composition of the board of directors of the Company had the below changes:

- (i) Mr. Lum Pak Sum retired from office as an independent non-executive director and ceased to be a member of each of the audit committee, remuneration committee and nomination committee of the Company upon the conclusion of the annual general meeting of the Company held on 2 June 2023.
- (ii) Mr. Wang Hongxin Charles was appointed as the independent non-executive director, a member of each of the audit committee, remuneration committee and nomination committee of the Company with effect on 2 June 2023.

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. Wang Hongxin Charles. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023.

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

Hong Kong, 30 August 2023

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>)
Non-executive Director	Mr. Li Xiaohua
Independent Non-executive Directors	Mr. Cheng Hong Kei Mr. Leung Kwan, Hermann Mr. Wang Hongxin Charles