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大中華金融控股有限公司
GREATER CHINA FINANCIAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
 (Stock Code: 431)

website: <http://www.irasia.com/listco/hk/greaterchina/index.htm>

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024

SUMMARY OF RESULTS

The board (the “Board”) of directors (the “Directors”) of Greater China Financial Holdings Limited (the “Company”) announces that the unaudited consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2024 (the “Period”), together with the comparative figures for the corresponding period in 2023 are as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2024

	NOTES	Six months ended 30 June	
		2024 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)
Revenue	3		
Contracts with customers		8,799	32,271
Interest under effective interest method		–	2,822
Total revenue		8,799	35,093
Cost of sales		(176)	(10,294)
Gross profit		8,623	24,799
Other income, gains and losses	4	5,033	63,630
Administrative and other operating expenses		(24,130)	(35,290)
Finance costs	5	(19,577)	(18,054)
Share-based payment expenses		–	(299)
(Provision) reversal for guarantee losses		(340)	12,303
Impairment loss, net of reversal	6	(30,432)	(81,063)
Impairment loss on goodwill		–	(50,075)
Loss before taxation		(60,823)	(84,049)
Income tax expense	7	–	(4,784)
Loss for the period	8	(60,823)	(88,833)

		Six months ended 30 June	
		2024	2023
	<i>NOTE</i>	HK\$'000	HK\$'000
		(unaudited)	(unaudited)
Other comprehensive income (expense), net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of operations outside Hong Kong		14,562	3,896
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of financial assets at fair value through other comprehensive income		22	(2,805)
		<hr/>	<hr/>
Other comprehensive income for the period		14,584	1,091
		<hr/>	<hr/>
Total comprehensive expense for the period		(46,239)	(87,742)
		<hr/> <hr/>	<hr/> <hr/>
Loss for the period attributable to:			
Owners of the Company		(31,203)	(77,743)
Non-controlling interests		(29,620)	(11,090)
		<hr/>	<hr/>
		(60,823)	(88,833)
		<hr/> <hr/>	<hr/> <hr/>
Total comprehensive expense for the period attributable to:			
Owners of the Company		(16,902)	(69,391)
Non-controlling interests		(29,337)	(18,351)
		<hr/>	<hr/>
		(46,239)	(87,742)
		<hr/> <hr/>	<hr/> <hr/>
		HK cents	HK cents
Loss per share			
	<i>10</i>		
– Basic		(0.40)	(1.00)
		<hr/>	<hr/>
– Diluted		(0.40)	(1.00)
		<hr/> <hr/>	<hr/> <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

		30.6.2024	31.12.2023
	NOTES	HK\$'000	HK\$'000
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		46,574	51,739
Right-of-use assets		17,993	18,774
Intangible assets		–	–
Interests in associates		–	–
Financial assets at fair value through other comprehensive income		538	516
Financial assets at fair value through profit or loss		195,002	189,924
Pledged bank deposit		5,372	5,502
Other receivables	12	–	2,607
		<u>265,479</u>	<u>269,062</u>
Current assets			
Loans and interest receivables	11	438	36,291
Trade and other receivables	12	57,049	61,975
Prepayments and deposits		7,014	8,040
Loans to and interest receivables from a non-controlling interest		–	–
Loans to and interest receivables from an associate		–	–
Financial assets at fair value through profit or loss		1,419	3,378
Restricted bank deposit		5,857	6,396
Cash and cash equivalents		38,179	31,985
		<u>109,956</u>	<u>148,065</u>

	<i>NOTES</i>	30.6.2024 HK\$'000 (unaudited)	31.12.2023 HK\$'000 (audited)
Current liabilities			
Trade payables, other payables, deposit received and accruals	<i>13</i>	108,937	103,000
Contract liabilities		422	434
Lease liabilities		–	918
Liabilities from financial guarantees	<i>14</i>	427,902	437,869
Amount due to non-controlling interests		10,991	11,167
Borrowings		208,036	123,763
Tax payables		21,330	21,866
		<u>777,618</u>	<u>699,017</u>
Net current liabilities		<u>(667,662)</u>	<u>(550,952)</u>
Total assets less current liabilities		<u>(402,183)</u>	<u>(281,890)</u>
Non-current liabilities			
Borrowings		81,440	163,939
Convertible notes		214,383	205,938
		<u>295,823</u>	<u>369,877</u>
Net liabilities		<u><u>(698,006)</u></u>	<u><u>(651,767)</u></u>
Capital and reserves			
Share capital	<i>15</i>	7,776	7,776
Reserves		(659,302)	(642,400)
Deficit attributable to owners of the Company		(651,526)	(634,624)
Non-controlling interests		(46,480)	(17,143)
Total deficit		<u><u>(698,006)</u></u>	<u><u>(651,767)</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 (formerly known as Appendix 16) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s consolidated financial statements for the year ended 31 December 2023.

Going concern

The Group reported a loss attributable to the owners of the Company of HK\$31,203,000 for the six months ended 30 June 2024. The Group’s current liabilities exceeded its current assets by HK\$667,662,000 and its total liabilities exceeded its total assets by HK\$698,006,000 as at 30 June 2024. As at the same date, the Group’s cash and cash equivalents amounted to HK\$38,179,000, while the Group recorded outstanding borrowings of approximately HK\$208,036,000 which are due for repayment within the next twelve months.

These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to improve the liquidity pressure and to improve its financial position, but are not limited to, the following:

- (i) The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations;
- (ii) The Group has been actively negotiating with a number of financial institutions for renewal and extension of bank borrowings and credit facilities;
- (iii) The Group is currently taking active actions in following up the repayment of overdue receivables including but not limited to taking legal action; and
- (iv) The Group is considering corporate restructure proposals to reduce the liabilities and commitment within the Group.

The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 30 June 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

2. MATERIAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group’s operations are organised into asset management, insurance brokerage, loan financing, industrial property development business and general trading. Information reported to the chief operating decision maker (“CODM”) for the purpose of resources allocation and assessment of segment performance is prepared on such basis. The Group is organised into the following reportable and operating segments:

- Industrial property development segment represents the operation of warehouse in the People’s Republic of China (the “PRC”).
- General trading segment represents trading of consumable goods in the PRC.
- Loan financing segment represents the provision of financial guarantee, loan financing, micro-financing, loan referral and consultancy services in Hong Kong, Ningbo and Beijing.
- Others segment represents the operations of provision of asset management services and provision of insurance brokerage and agency service in Hong Kong and advertising service in the PRC.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments.

Six months ended 30 June 2024 (unaudited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE					
Recognised at a point in time	–	–	–	1,496	1,496
Recognised over time	6,476	–	160	667	7,303
	<u>6,476</u>	<u>–</u>	<u>160</u>	<u>2,163</u>	<u>8,799</u>
SEGMENT RESULTS					
	<u>(2,381)</u>	<u>(412)</u>	<u>(45,124)</u>	<u>(2,197)</u>	<u>(50,114)</u>
Reversal of impairment loss on other receivables					5,514
Unallocated corporate income					1,099
Unallocated corporate expenses					(10,957)
Unallocated finance costs					(9,484)
Net fair value change on financial assets at fair value through profit or loss					3,119
Loss before taxation					(60,823)
Income tax expense					–
Loss for the period					<u>(60,823)</u>

Six months ended 30 June 2023 (unaudited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
SEGMENT REVENUE					
Recognised at a point in time	–	–	–	1,643	1,643
Recognised over time	8,568	–	18,202	3,858	30,628
Recognised from other source	–	–	2,822	–	2,822
	<u>8,568</u>	<u>–</u>	<u>21,024</u>	<u>5,501</u>	<u>35,093</u>
SEGMENT RESULTS					
	<u>525</u>	<u>(1,312)</u>	<u>(61,774)</u>	<u>(1,392)</u>	<u>(63,953)</u>
Impairment loss on goodwill	–	–	(50,075)	–	(50,075)
Impairment loss on loans to and interest receivables from a non-controlling interest	–	–	(944)	–	(944)
Impairment loss on other receivables					(6,008)
Unallocated corporate income					53,227
Unallocated corporate expenses					(11,150)
Unallocated finance costs					(8,711)
Net fair value change on financial assets at fair value through profit or loss					3,864
Share-based payment expenses					(299)
Loss before taxation					(84,049)
Income tax expense					(4,784)
Loss for the period					<u>(88,833)</u>

All of the segment revenue reported above are from external customers.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments.

At 30 June 2024 (unaudited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS					
Segment assets	74,545	17,055	64,155	6,049	161,804
Unallocated cash and cash equivalents					4,286
Unallocated other receivables, prepayments and deposits					12,386
Unallocated financial assets at fair value through other comprehensive income					538
Unallocated financial assets at fair value through profit or loss					196,421
Consolidated total assets					<u>375,435</u>
LIABILITIES					
Segment liabilities	71,718	16,278	716,887	4,458	809,341
Unallocated other payables					4,326
Unallocated borrowings					34,400
Unallocated amount due to non-controlling interests					10,991
Unallocated convertible notes					214,383
Consolidated total liabilities					<u>1,073,441</u>

At 31 December 2023 (audited)

	Industrial property development <i>HK\$'000</i>	General trading <i>HK\$'000</i>	Loan financing <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
ASSETS					
Segment assets	77,366	15,489	103,610	6,481	202,946
Unallocated cash and cash equivalents					3,206
Unallocated property, plant and equipment					135
Unallocated other receivables, prepayments and deposits					17,022
Unallocated financial assets at fair value through other comprehensive income					516
Unallocated financial assets at fair value through profit or loss					193,302
					<u>417,127</u>
Consolidated total assets					<u><u>417,127</u></u>
LIABILITIES					
Segment liabilities	65,876	16,878	726,016	4,315	813,085
Unallocated other payables					3,433
Unallocated borrowings					34,400
Unallocated lease liabilities					871
Unallocated amount due to non-controlling interests					11,167
Unallocated convertible notes					205,938
					<u>1,068,894</u>
Consolidated total liabilities					<u><u>1,068,894</u></u>

4. OTHER INCOME, GAINS AND LOSSES

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net fair value change on financial assets at fair value through profit or loss	3,119	3,864
Interest income from:		
Bank interest income	42	94
Other loans	–	4,488
Loans to a non-controlling interest	–	2,787
Other receivables	925	221
Gain on substantial modification of finance asset	–	47,992
Loss on deregistration of a subsidiary	–	(114)
Gain on disposal of property, plant and equipment	–	227
Loss on write-off of property, plant and equipment	(116)	–
Gain on lease modification	–	1,972
Gain on lease termination	–	519
Net foreign exchange (loss) gain	(5)	2
Bad debts recovered	–	126
Service fee income	947	184
Sundry income	121	1,268
	<u>5,033</u>	<u>63,630</u>

5. FINANCE COSTS

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Effective interest on convertible notes	8,445	7,748
Interest on lease liabilities	11	299
Interest on bank loans	2,003	2,401
Interest on other loans	9,118	7,606
	<u>19,577</u>	<u>18,054</u>

6. IMPAIRMENT LOSSES, NET OF REVERSAL

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Impairment losses (reversal of impairment loss) recognised on:		
– Trade and other receivables	(5,136)	24,793
– Loans and interest receivables	34,930	52,743
– Other deposits	7	35
– Loans to and interest receivable from a non-controlling interest	–	944
– Amounts due from associates	631	2,548
	<u>30,432</u>	<u>81,063</u>

The basis of determining the inputs, assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current tax:		
– PRC Enterprise Income Tax	–	2,527
Under provision in prior periods:		
– PRC Enterprise Income Tax	–	1,441
Deferred tax:		
– Current period	–	816
	<u>–</u>	<u>4,784</u>

Hong Kong Profits Tax is calculated at 16.5% on the estimated assessable profits for the six months ended 30 June 2023 and 2024. No provision for Hong Kong Profits Tax has been made as its subsidiaries of the Company in Hong Kong incurred tax loss for the six months ended 30 June 2023 and 2024.

PRC Enterprise Income Tax (“EIT”) is calculated at the applicable rates based on estimated taxable income earned by the PRC subsidiaries of the Company with certain tax concession, based on existing legislation, interpretation and practice in respect thereof.

Under the Law of the PRC on Enterprises Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the applicable PRC EIT rate of the Group's PRC subsidiaries is 25% for both the six months ended 30 June 2023 and 2024.

8. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging the following items:

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	3,866	4,574
Depreciation of right-of-use assets	343	1,313
Legal and professional fee	226	1,523
Staff costs (including directors' emoluments)	11,773	18,896
	<u>11,773</u>	<u>18,896</u>

9. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the interim period.

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss		
Loss for the purpose of basic and diluted loss per share for the period attributable to owners of the Company	<u>(31,203)</u>	<u>(77,743)</u>
	'000	'000
Number of shares		
Number of ordinary shares	<u>7,775,857</u>	<u>7,775,857</u>

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company, and the number of approximately 7,775,857,000 ordinary shares (six months ended 30 June 2023: 7,775,857,000 ordinary shares) in issue during the period.

Diluted loss per share for the six months period ended 30 June 2024 and 2023 did not assume the exercise of the outstanding share options since this would result in a decrease in loss per share. No adjustment was made in calculating diluted loss per share for the six months period ended 30 June 2024 and 2023 as conversion of convertible notes would result in a decrease in loss per share. Accordingly, the diluted loss per share is same as the basic loss per share.

11. LOANS AND INTEREST RECEIVABLES

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Other loans	541,973	555,107
Less: Impairment allowance	<u>(541,535)</u>	<u>(518,816)</u>
	<u>438</u>	<u>36,291</u>

An ageing analysis of the loans and interest receivables net of impairment allowance as at the end of the reporting period, based on the payment due date, is as follows:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
6 months to less than 1 year past due	–	36,291
More than 1 year past due	<u>438</u>	<u>–</u>
	<u>438</u>	<u>36,291</u>

The movements in impairment allowance of loans and interest receivables are as follows:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Balance at beginning of the period/year	518,816	215,613
Amounts recognised during the period/year	34,930	302,743
Amounts recognised for credit-impaired loans (<i>Note</i>)	–	6,257
Exchange realignment	<u>(12,211)</u>	<u>(5,797)</u>
Balance at end of the period/year	<u>541,535</u>	<u>518,816</u>

Note:

The amount represents the increase in impairment allowance for credit-impaired loans as a result of the increase in their gross carrying amount due to the passage of time.

12. TRADE AND OTHER RECEIVABLES

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Trade receivables arising from:		
Loan referral and consultancy services (<i>Note a</i>)	24	5,987
Financial guarantee services (<i>Note b</i>)	15,107	26,345
Insurance brokerage commission (<i>Note c</i>)	46	683
Asset management fee (<i>Note d</i>)	3	31
	<hr/> 15,180	<hr/> 33,046
Less: Impairment allowance	(14,005)	(29,728)
	<hr/> 1,175	<hr/> 3,318
Other receivables (<i>Note e and Note f</i>)	236,721	253,180
Less: Impairment allowance	(180,847)	(191,916)
	<hr/> 55,874	<hr/> 61,264
Total trade and other receivables	<hr/> 57,049	<hr/> 64,582
Analysed for reporting purposes as:		
Current assets	57,049	61,975
Non-current assets	–	2,607
	<hr/> 57,049	<hr/> 64,582

Notes:

- (a) The normal settlement terms of trade receivables from loan referral and consultancy services are within 30 days upon the contractual obligation being performed.
- (b) The normal settlement terms of trade receivables from financial guarantee services are mainly within 60 to 90 days upon the contractual obligation being performed.
- (c) The normal settlement terms of trade receivables from product issuers arising from the provision of insurance brokerage commission are mainly within 45 to 60 days upon the execution of the insurance policies and/or receipt of statements from product issuers.
- (d) Credit terms granted to customers of asset management fee are within 30 days or as mutually agreed between the contracting parties.
- (e) Included in other receivables were default payment receivables of HK\$211,170,000 (31 December 2023: HK\$217,640,000) in relation to loan financing operations.

- (f) During the year ended 31 December 2023, a subsidiary of the Group raised a lawsuit in respect of outstanding deposit of RMB26,000,000 and subsequently reached a settlement agreement with a cooperator who agreed to refund the deposit and made compensation to a subsidiary of the Group of RMB42,370,000 which will be settled by instalment in 22 months. The management of the Group considers that the terms of the settlement agreement are substantially different as the discounted present value of the cash flows under the new terms discounted using the original effective interest rate is different from the discounted present value of the remaining cash flows of the original financial asset by more than 10 per cent. Accordingly, such modification of terms was accounted for as an extinguishment of the original financial asset and the recognition of a new financial asset. Therefore, the Group derecognised the original deposit of RMB26,000,000 and impairment allowance of RMB26,000,000, and recognised compensation receivable amounting to RMB36,809,000 as at the date of extinguishment. The difference between the aforesaid carrying amounts of the deposit and impairment allowance derecognised and the aforesaid of the compensation receivables recognised amounting to approximately RMB36,809,000 (approximately HK\$40,781,000) was recognised as other gains at the date of modification during the year ended 31 December 2023. During the six months ended 30 June 2024, the Group received RMB8,765,000 (approximately HK\$9,417,000), and hence impairment loss of RMB5,133,000 (approximately HK\$5,514,000) has been reversed.

An ageing analysis of trade receivables net of impairment allowance as at the end of the reporting period, based on the invoice dates, is as follows:

	30.6.2024 <i>HK\$'000</i> (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
0 – 30 days	22	916
31 – 60 days	8	6
61 – 90 days	–	278
Over 90 days	1,145	2,118
	<u>1,175</u>	<u>3,318</u>

The movements in impairment allowance on trade receivables are as follows:

	30.6.2024 <i>HK\$'000</i> (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Balance at beginning of the period/year	29,728	35,700
Amounts recognised during the period/year	1,416	17,871
Amounts reversed during the period/year	–	(1)
Amounts written-off during the period/year	(16,440)	(22,882)
Exchange realignment	(699)	(960)
	<u>14,005</u>	<u>29,728</u>

The movements in impairment allowance on other receivables are as follows:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Balance at beginning of the period/year	191,916	161,952
Amounts recognised during the period/year	493	34,752
Amounts reversed during the period/year	(7,045)	(434)
Exchange realignment	(4,517)	(4,354)
	<hr/>	<hr/>
Balance at end of the period/year	180,847	191,916

13. TRADE PAYABLES, OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Trade payables from:		
Insurance brokerage business (<i>Note a</i>)	280	918
Loan referral service (<i>Note b</i>)	17,583	18,011
	<hr/>	<hr/>
Total trade payables	17,863	18,929
Accrued expenses	7,800	8,054
Interest payables	27,872	19,318
Deposits received (<i>Note c</i>)	27,016	27,649
Other payables	26,989	27,620
Receipt in advance	1,397	1,430
	<hr/>	<hr/>
Total other payables, deposits received and accruals	91,074	84,071
	<hr/>	<hr/>
Total trade payables, other payables, deposits received and accruals	108,937	103,000

Notes:

- (a) Trade payables arising from the provision of insurance brokerage services are generally settled within 30 days to 120 days upon receipt of payments from product issuers.

An ageing analysis of trade payables from insurance brokerage service at the end of the reporting period is as follows:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
0 – 30 days	115	752
31 – 60 days	7	48
61 – 90 days	21	28
Over 90 days	137	90
	<u>280</u>	<u>918</u>

- (b) Trade payables arising from loan referral service are generally settled within 5 days upon receipt of invoice.

An ageing analysis of trade payables from loan referral service at the end of the reporting period is as follows:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
0 – 30 days	–	12,076
Over 90 days	17,583	5,935
	<u>17,583</u>	<u>18,011</u>

- (c) Included in deposits received was an amount of HK\$21,224,000 (31 December 2023: HK\$21,734,000) which was received from customers or third parties as collateral security for the financial guarantees issued by the Group. These deposits will be refunded to the customers or third parties upon expiry of the corresponding guarantee contracts. According to the contracts, these deposits are expected to be settled within one year.

14. LIABILITIES FROM FINANCIAL GUARANTEES

	30.6.2024 <i>HK\$'000</i> (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Deferred income	8	8
Provision for guarantee losses	<u>427,894</u>	<u>437,861</u>
	<u>427,902</u>	<u>437,869</u>

Movement analysis of provision for guarantee losses:

	30.6.2024 <i>HK\$'000</i> (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Balance at beginning of the period/year	437,861	402,211
Amount charged during the period/year	340	58,038
Amount reversed during the period/year	–	(7,861)
Utilisation of provision	–	(3,713)
Exchange realignment	<u>(10,307)</u>	<u>(10,814)</u>
Balance at end of the period/year	<u>427,894</u>	<u>437,861</u>

15. SHARE CAPITAL

	Number of shares <i>'000</i>	Nominal amount <i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$0.001 each At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<u>2,109,890,000</u>	<u>2,109,890</u>
Preference shares of HK\$0.001 each At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<u>110,000</u>	<u>110</u>
Issued and fully paid:		
Ordinary shares of HK\$0.001 each At 1 January 2023, 30 June 2023, 1 January 2024 and 30 June 2024	<u>7,775,857</u>	<u>7,776</u>

16. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group:

	30.6.2024 HK\$'000 (unaudited)	31.12.2023 <i>HK\$'000</i> (audited)
Property, plant and equipment	44,661	49,447
Right-of-use assets – leasehold lands in PRC	17,993	18,774
Bank deposit	5,372	5,502
	<hr/> 68,026 <hr/>	<hr/> 73,723 <hr/>

17. GUARANTEE ISSUED

As at 30 June 2024, the total maximum amounts of financial guarantees issued was RMB473,523,000 (approximately HK\$508,753,000) (31 December 2023: RMB457,113,000 (approximately HK\$502,961,000)). The total maximum amounts of financial guarantees issued represents the maximum potential loss amount that would be recognised if counterparties failed completely to perform as contracted.

18. CONTINGENT LIABILITIES

The Group had no significant contingent assets or liabilities as at 30 June 2024 and 31 December 2023 other than those disclosed in note 17.

19. EVENTS AFTER THE REPORTING PERIOD

There are no significant events affecting the Company that have occurred since the end of the reporting period.

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current period presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECT

The Group is principally engaged in investment holding, industrial property development, general trading of consumable goods and loan financing operations including the provision of loan financing, financial guarantee services, loan referral and consultancy services. The segment revenue and results of the Group for the Period, together with the comparative figures for the corresponding period in 2023, are stated in the table below:

	Six months ended 30 June	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment Revenue from:		
Industrial property development	6,476	8,568
General trading	–	–
Loan financing	160	21,024
Others	2,163	5,501
	8,799	35,093
Segment (loss) profit from:		
Industrial property development	(2,381)	525
General trading	(412)	(1,312)
Loan financing	(45,124)	(61,774)
Others	(2,197)	(1,392)
	(50,114)	(63,953)

Industrial Property Development

Revenue from the segment mainly represents warehouse storage income generated from warehouse operation. The Group's warehouse is located in Taicang, Jiangsu Province, the PRC. It is divided into six units and the total area is approximately 48,600 square meters. Revenue from the warehouse operation recorded a decrease of approximately HK\$2,092,000 to approximately HK\$6,476,000 for the Period (30 June 2023: approximately HK\$8,568,000) due to the discount provided to a customer on renewal of the contract. The segment loss was approximately HK\$2,381,000 (30 June 2023: segment profit of approximately HK\$525,000), which was due to a major repair incurred for the warehouse during the Period. The average occupancy rate of the Group's warehouse during the Period was 100% and was primarily used as storage of electric and non-electric power tools and spare parts.

The Group's warehouse operation achieved an exceptional occupancy rate during the Period, leveraging the strategic location of its facilities and the strong long-term relationships with its customers. Capitalizing on these competitive advantages, the Group's management confidently anticipates that the warehouse occupancy rate will maintain at a full 100% capacity throughout the year of 2024.

General Trading

In the first half of 2024, due to market challenges and slow recovery in the economic environment, the Group was unable to conduct any liquor trading business. However, the Group's management expects market conditions for the liquor trading business to rise again in the second half of 2024. In the press conference for introducing the core decisions (the "Decisions") of 3rd Plenary Session ("the 3rd Session") of the 20th Central Committee of the Communist Party of China (中國共產黨第二十屆中央委員會第三次全體會議) held in July 2024, the Central Committee of the Chinese Communist Party (中國共產黨中央委員會) explained that the Decisions of the 3rd Session emphasized the need for the PRC government to boost domestic consumption demand. The 3rd Session urged the government to explore opportunities for further expansion and to effectively leverage the PRC's substantial domestic market size as a key competitive advantage. This policy is expected to improve business environment for liquor trading business, with its underlying baijiu products being popular consumer products for business and social gatherings in the PRC.

In July 2024, the Group successfully entered into a memorandum of understanding with a major Chinese liquor distributor in the PRC. The Group was granted distribution rights to sell Moutai and other high-end Chinese liquors in designated areas. Such major Chinese liquor distributor is able to procure Chinese liquor products directly from producers and has been able to obtain certain quantity of liquor products under limited supply due to quota systems enforced by liquor producers in the PRC. The Group will leverage its existing network and connections with downstream distributors and retailers, including its loan financing customers who are tobacco retailers in Ningbo, to distribute the liquor products. The Group's management believes that consumer confidence in mainland China has regained growth momentum and will generate benefits for liquor trading in the second half of 2024.

The segment loss for the Period was approximately HK\$412,000 (30 June 2023: approximately HK\$1,312,000).

Loan financing

The Group's loan financing operation comprises the provision of loan referral and financing consultancy, financial guarantees and loan financing services to micro, small and medium-sized enterprise and individual borrowers in Beijing and Ningbo. The revenue from the segment for the Period was approximately HK\$160,000 (30 June 2023: approximately HK\$21,240,000), resulted in a segment loss of approximately HK\$45,124,000 (30 June 2023: approximately HK\$61,774,000).

The performance of this business segment was adversely affected by the economy and operating environment in the PRC in the past few years. The lingering impact of the pandemic on borrowers' financial position and creditworthiness has impacted on the customers' level of revenue and limited their repayment capabilities. As a result, the Company recorded a surge in defaults in loan and interest repayments, leading to higher credit risks. In order to minimise losses, the Company has suspended the extension of new loans and financial referral services to new borrowers since 2023, and focused on recovering the outstanding loan and interest receivables from customers.

The loan financing business in Beijing has completely stopped and the relevant subsidiaries of the Group will be disposed to an independent third party during 2024 to carve out these loss making and highly indebted subsidiaries.

Others

Others segment represents the operation of provision of asset management services, provision of insurance brokerage and agency service in Hong Kong and advertising service in the PRC. Revenue from the segment for the Period was approximately HK\$2,163,000 (30 June 2023: approximately HK\$5,501,000), resulting in a segment loss of approximately HK\$2,197,000 (30 June 2023: approximately HK\$1,392,000). The Group will continue to strengthen resource integration and implement strict cost control measures to improve the return on assets in others segments.

SIGNIFICANT IMPAIRMENT

During the Period, an impairment loss, net of reversal of approximately HK\$30,432,000 (30 June 2023: approximately HK\$81,063,000) was resulted in the loan financing operations of the Group.

The breakdown of the impairment loss recognized during the periods as indicated is set out below:

	For the six months ended	
	30 June	
	2024	2023
	HK\$'000	HK\$'000
Impairment loss (reversal of impairment loss) recognised on:		
– Trade and other receivables	(5,136)	24,793
– Loans and interest receivables	34,930	52,743
– Other deposits	7	35
– Loans to and interest receivables from a non-controlling interest	–	944
– Amounts due from associates	631	2,548
	<u>30,432</u>	<u>81,063</u>

FINANCIAL REVIEW

Administrative and Other Operating Expenses

Administrative expenses include office utilities and administration, legal and professional fee, employee expenses, depreciation of right-of-use assets and property, plant and equipment. Other operating expenses mainly consist of operating expenses of industrial property development business. Administrative and other operating expenses amounted to approximately HK\$24,130,000 during the Period, representing a decrease of approximately 31.6% or HK\$11,160,000 as compared to the six months ended 30 June 2023, mainly attributable to the Group's continuous efforts to optimize and streamline business processes, including the suspension of the loan financing operation. This is aimed at identifying opportunities to reduce costs and enhance operational efficiency where feasible. The Company's management will continue to implement prudent cost control measures to maintain administrative and other operating expenses at a reasonable and sustainable level.

Finance Costs

The finance cost of the Group for the Period mainly consisted of effective interest expenses on convertible bonds issued for the acquisition of Xin Yunlian Investment Limited and its subsidiaries and associates in 2020, and loan interest on bank and other loans. Finance costs increased from approximately HK\$18,054,000 for the six months ended 30 June 2023 to approximately HK\$19,577,000 for the Period, representing an increase of approximately 8.4% or HK\$1,523,000, which was caused by the increase in the effective interest expenses on convertible bonds and other loan borrowing for the Period.

Liquidity and Financial Resources

The Group continued to adopt the policy of prudence in managing its working capital. During the Period, the operations of the Group were primarily financed by internally generated cash flow from operating activities and external financing. As at 30 June 2024, the shareholder's deficit attributable to owners of the Company amounted to approximately HK\$651,526,000 (31 December 2023: approximately HK\$634,624,000), and net current liabilities of the Group amounted to approximately HK\$667,662,000 (31 December 2023: approximately HK\$550,952,000). As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately HK\$38,179,000 (31 December 2023: approximately HK\$31,985,000), which were principally denominated in Hong Kong dollars and Renminbi. Current ratio as at 30 June 2024 was 0.14 (31 December 2023: 0.21).

As at 30 June 2024, the Group's total borrowings amounted to approximately HK\$289,476,000 (31 December 2023: approximately HK\$287,702,000) of which approximately HK\$208,036,000 were repayable within 1 year, approximately HK\$17,191,000 were repayable between 1 to 2 years, approximately HK\$13,967,000 were repayable between 2 to 5 years and approximately HK\$50,282,000 were repayable over 5 years. As at 30 June 2024, the Group's borrowings denominated in Hong Kong dollars and Renminbi were approximately HK\$34,400,000 and HK\$255,076,000, respectively, and bear fixed interest rates from 3.65% to 12.00%. The gearing ratio of the Group as at 30 June 2024 and 31 December 2023 (defined as total borrowings over the Group's total equity) is not applicable due to capital deficiency of the Group.

There was no capital commitment in respect of the acquisition and construction of property, plant and equipment as at 30 June 2024 (31 December 2023: nil).

The Group does not anticipate any material foreign exchange exposure since its cash, borrowings, revenue and expenses are mainly in Hong Kong dollars and Renminbi. Therefore, the Group did not use any financial instruments for hedging purposes during the Period.

Group's Investments

The Group's investment portfolio is classified as financial assets at fair value through other comprehensive income ("FVTOCI") according to HKFRS 9, the relevant carrying amounts of the financial assets at FVTOCI as at 30 June 2024 were approximately HK\$538,000 (31 December 2023: approximately HK\$516,000). The Group's investment portfolio includes listed equity in Hong Kong.

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2024 (31 December 2023: nil) other than the financial guarantees issued as disclosed below.

Guarantee Issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For the Period, the Group’s total maximum amount of financial guarantees issued was approximately RMB473,523,000 (equivalent to approximately HK\$508,753,000) (31 December 2023: approximately RMB457,113,000 (equivalent to approximately HK\$502,961,000)).

Capital Structure

As at 30 June 2024, the total number of issued ordinary shares of the Company with a par value of HK\$0.001 each (the “Share(s)”) was 7,775,857,621 (31 December 2023: 7,775,857,621). The Company did not hold any treasury shares.

Charges on Assets

The Group’s warehouse located in Taicang, the PRC with the following carrying amount and the bank deposit had been pledged to secure general banking facilities granted to the Group:

	30.6.2024	31.12.2023
	<i>HK\$’000</i>	<i>HK\$’000</i>
Property, plant and equipment	44,661	49,447
Right-of-use assets	17,993	18,774
Bank deposit	5,372	5,502
	68,026	73,723

Save for the above, the Group did not charge other assets to secure its borrowings as at 30 June 2024 and 31 December 2023.

Foreign Currency Exposure

As confirmed by the Directors, the Group’s present operations are mainly carried out in the PRC and Hong Kong, and all of the Group’s receipts and payments in relation to the operations are denominated in Renminbi or Hong Kong dollars. The Group does not anticipate any material foreign exchange exposure and therefore no derivative financial instruments were used to hedge its foreign currency risks as at 30 June 2024 and 31 December 2023. The management will continue to monitor its foreign exchange exposure and take appropriate measures if needed.

Significant Investments, Material Acquisitions and Disposals

The Group did not hold any significant investments as at 30 June 2024 and 31 December 2023, and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the Period and the corresponding period in 2023.

Future Plans for Material Investments or Capital Assets

As at 30 June 2024 and 31 December 2023, the Group did not have immediate plans for material investments or capital assets acquisition.

Employees and Remuneration Policies

As at 30 June 2024, the Group had 55 employees (31 December 2023: 82 employees). Remuneration is determined by reference to their respective qualifications and experiences and according to the prevailing industry practice. In addition to salary payments, the Group's staff benefits include contribution of mandatory provident fund, a discretionary bonus program and a share option scheme. As required by the regulations in the PRC, the Group makes contributions to mandatory social security funds for the benefit of the Group's employees in the PRC, including pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

DECISION OF THE LISTING COMMITTEE ON RULE 13.24 OF THE LISTING RULES

Reference is made to the announcement of the Company dated 21 August 2024. The Company received a letter (the "Letter") dated 21 August 2024 from The Stock Exchange of Hong Kong Limited (the "Stock Exchange") notifying the Company of its decision (the "Decision") that the Company has failed to maintain a sufficient level of operations and assets of a sufficient value to support its operation to warrant the continued listing of the Shares as required under Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The trading of the Shares will be suspended on 2 September 2024 unless the Company applies for a review of the Decision in accordance with its rights under Chapter 2B of the Listing Rules.

As at the date of this announcement, the Company is in the process of reviewing the Letter and is discussing internally and with its professional advisers whether or not to request for a review of the Decision. The Company has yet to make a decision as to whether or not to request for a review of the Decision and the outcome of such review by the Listing Committee, if pursued, is uncertain.

Further announcement(s) will be made by the Company as and when appropriate and in compliance with the requirements under the Listing Rules.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (30 June 2023: nil).

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

During the Period, there was no purchase, sale or redemption of the Company's listed securities (including sale of treasury shares) by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE

During the Period, the Company has applied the principles and complied with the code provisions as set out in Part 2 of Appendix C1 to the Listing Rules as in effective from time to time.

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 C3 to the Listing Rules as the Company’s code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have confirmed that they have complied with the Model Code throughout the Period.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Listing Rules. The Audit Committee currently comprises three independent non-executive Directors, including Mr. Kwan Kei Chor (chairman of the Audit Committee), Dr. Lyu Ziang and Mr. Zhou Liangyu.

The Audit Committee has discussed with the management of the Company and the external auditors, Confucius International CPA Limited in respect of the Group’s interim condensed consolidated financial statements for the Period. The unaudited interim results of the Group for the Period have not been audited but have been reviewed by the Audit Committee. The Audit Committee is of the view that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made, and recommended the Board to adopt the same.

The unaudited interim results of the Group for the Period were prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank our staff for their dedication, loyalty and integrity towards the Group. I would also like to express my gratitude to our shareholders, customers and other business partners and professional consultants for their support to the Group.

By order of the Board of
Greater China Financial Holdings Limited
Liu Kequan
Chairman

Hong Kong, 27 August 2024

As at the date of this announcement, the Board comprises Mr. Liu Kequan and Mr. Chen Zheng as executive Directors; Mr. Zhang Peidong as non-executive Director; and Mr. Kwan Kei Chor, Dr. Lyu Ziang and Mr. Zhou Liangyu as independent non-executive Directors.