GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED
大灣區聚變力量控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1189)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2019

The board ("Board") of directors ("Directors") of GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED ("Company") announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "Group") for the year ended 31 December 2019 together with comparative figures for the corresponding year ended 31 December 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Revenue	4		
Contract with customers		**167,482**	214,138
Leases		**47,655**	48,873
Dividend income		**239**	–
Total revenue		**215,376**	263,011
Direct operating costs		**(152,491)**	(156,713)
Gross profit		**62,885**	106,298
Other income, gains and losses	6	**3,949**	(6,157)
Loss on fair value changes of investment properties	12	**(37,743)**	(26,704)
Impairment loss on property, plant and equipment		**(7,356)**	–
Impairment loss on right-of-use assets		**(9,200)**	–
Distribution and selling expenses		**(972)**	(1,274)
Administrative and other operating expenses		**(117,612)**	(137,552)
Finance costs	7	**(3,449)**	(376)

	Notes	**2019** **HK$'000**	2018 *HK$'000*
Loss before tax		**(109,498)**	(65,765)
Income tax (expense) credit	*8*	**(1,398)**	66,188
(Loss) profit for the year	*9*	**(110,896)**	423
Other comprehensive expense for the year			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(12,118)**	(33,367)
Total comprehensive expense for the year		**(123,014)**	(32,944)
(Loss) profit for the year attributable to:			
Owners of the Company		**(95,435)**	(3,785)
Non-controlling interests		**(15,461)**	4,208
		(110,896)	423
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(106,287)**	(31,891)
Non-controlling interests		**(16,727)**	(1,053)
		(123,014)	(32,944)
Loss per share	*11*		
Basic *(HK$)*		**(0.12)**	(0.00)
Diluted *(HK$)*		**(0.12)**	(0.00)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**253,961**	296,234
Right-of-use assets		**33,746**	–
Investment properties	*12*	**90,000**	130,000
Deposit		**–**	19,800
		377,707	446,034
Current assets			
Inventories		**1,488**	1,536
Trade and other receivables	*13*	**46,000**	26,185
Investments held for trading		**189**	7,068
Bank balances and cash		**1,816,076**	1,859,781
		1,863,753	1,894,570
Assets classified as held for sale	*14*	**49,910**	50,438
		1,913,663	1,945,008
Current liabilities			
Trade and other payables	*15*	**71,375**	93,336
Tax liabilities		**9,859**	9,873
Lease liabilities		**40,462**	–
Contract liabilities		**1,883**	3,243
		123,579	106,452
Liabilities associated with assets classified as held for sale	*14*	**37,053**	36,618
		160,632	143,070
Net current assets		**1,753,031**	1,801,938
Total assets less current liabilities		**2,130,738**	2,247,972
Non-current liabilities			
Deferred tax liabilities		**30,055**	33,041
Lease liabilities		**2,691**	–
		32,746	33,041
Net assets		**2,097,992**	2,214,931

	2019	2018
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**7,892**	7,892
Reserves	**1,915,580**	2,016,436
Equity attributable to owners of the Company	**1,923,472**	2,024,328
Non-controlling interests	**174,520**	190,603
Total equity	**2,097,992**	2,214,931

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2019

1. GENERAL

Greater Bay Area Dynamic Growth Holding Limited (the "Company") is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report.

Pursuant to a special resolution passed at a special general meeting of the Company held on 10 December 2019 and approved by the Registrar of Companies of Bermuda on 16 January 2020, the change of the name of the Company from "Rosedale Hotel Holdings Limited" to "Greater Bay Area Dynamic Growth Holding Limited" and the change of the secondary name of the Company in Chinese from "珀麗酒店控股有限公司" to "大灣區聚變力量控股有限公司" have become effective on 23 December 2019.

The Company is an investment holding company. Its principal subsidiaries are engaged in the businesses of hotel operation and trading of securities.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company and its subsidiaries (the "Group") have applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 – 2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases", and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid lease payments by applying HKFRS 16 C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application;

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment; and

v. used hindsight based on facts and circumstances as at date of initial application in determining the lease term for the Group's leases with extension and termination options.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 5.625%.

	At 1 January 2019
	HK$'000
Operating lease commitments disclosed as at 31 December 2018	80,054
Lease liabilities discounted at relevant incremental borrowings rates	75,579
Less: Practical expedient - leases with lease term ending within 12 months from the date of initial application	(837)
Lease liabilities as at 1 January 2019	74,742
Analysed as	
Current	36,323
Non-current	38,419
	74,742

The carrying amount of right-of-use assets for own use as at 1 January 2019 comprises the following:

	Note	**Right-of-use assets** ***HK$'000***
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		74,742
Adjustment on rental deposits at 1 January 2019	*(a)*	1,833
		76,575

(a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied under other receivables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$1,833,000, HK$196,000, HK$23,000 and HK$2,052,000 were adjusted to right-of-use assets, accumulated losses, non-controlling interests and refundable rental deposits paid, respectively.

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(b) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(c) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition.

(d) Effective on 1 January 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" to allocate consideration in the contract to each lease and non-lease components. The change in allocation basis has had no material impact on the consolidated financial statements of the Group for the current year.

Summary of effects arising from initial application of HKFRS 16

The following table summarises the impact of transition to HKFRS 16 on accumulated losses at 1 January 2019.

	Notes	**Impact of adopting HKFRS 16 at 1 January 2019** *HK$'000*
Accumulated losses		
Adjustment on rental deposits at 1 January 2019	*(a)*	**196**
Adjustment on lease accruals	*(e)*	**(5,627)**
Impact at 1 January 2019		**(5,431)**

(e) Rent-free period

These relate to accrued lease liabilities for lease of properties in which the lessor provided rent-free period. The carrying amount of the lease accruals under trade and other payables as at 1 January 2019 was adjusted to accumulated losses (HK$5,627,000) and non-controlling interests (HK$667,000) at transition.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Notes	Carrying amounts previously reported at 31 December 2018 HK$'000	Adjustments HK$'000	**Carrying amounts under HKFRS 16 at 1 January 2019** ***HK$'000***
Non-current assets				
Right-of-use assets		–	76,575	**76,575**
Deposit	*(a)*	19,800	(2,052)	**17,748**
Current liabilities				
Trade and other payables	*(e)*	(93,336)	6,294	**(87,042)**
Lease liabilities		–	(36,323)	**(36,323)**
Non-current liabilities				
Lease liabilities		–	(38,419)	**(38,419)**
Equity				
Reserves	*(a), (e)*	(2,016,436)	(5,431)	**(2,021,867)**
Non-controlling interests	*(a), (e)*	(190,603)	(644)	**(191,247)**

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

4. REVENUE

Disaggregation of revenue from contracts with customers

	2019	
Segments	**Hotel operations** *HK$'000*	**Securities trading** *HK$'000*
Types of services		
Hotel rooms	**138,675**	**–**
Food and beverage	**28,807**	**–**
	167,482	**–**
Geographical markets		
Hong Kong	**75,427**	**–**
People's Republic of China (the "PRC")	**92,055**	**–**
	167,482	**–**
Timing of revenue recognition		
At a point in time	**28,807**	**–**
Over time	**138,675**	**–**
	167,482	**–**

	2018	
Segments	Hotel operations *HK$'000*	Securities trading *HK$'000*
Types of services		
Hotel rooms	180,482	–
Food and beverage	33,656	–
	214,138	–
Geographical markets		
Hong Kong	106,746	–
The PRC	107,392	–
	214,138	–
Timing of revenue recognition		
At a point in time	33,656	–
Over time	180,482	–
	214,138	–

Set out below is the reconciliation of the revenue of the Group with the amounts disclosed in the segment information.

	2019	2018
	HK$'000	*HK$'000*
Hotel operations	**167,482**	214,138
Securities trading	**–**	–
Revenue from contracts with customers within the scope of HKFRS 15	**167,482**	214,138
Rental income from leases	**47,655**	48,873
Dividend income	**239**	–
Total revenue	**215,376**	263,011

Performance obligations for contracts with customers

The Group's revenue from contracts with customers within the scope of HKFRS 15 consist of hotel rooms and food and beverage.

The transaction price of hotel rooms and food and beverage is the net amount collected from the customer for such goods and services. The transaction price for such transactions is recorded as revenue when the good or service is transferred or rendered to the customer during their stay at the hotel or when the delivery is made for food and beverage.

The Group has certain contracts that include multiple promised goods and services, such as packages that bundle food and beverage and other services with hotel stays. For such arrangements, the Group allocates revenue to separate performance obligation for each promised good or service based upon its relative standalone selling price. The Group primarily determines the standalone selling price of hotel rooms and food and beverage based upon the amount that the Group charges when each is sold separately in similar circumstances to similar customers.

Leases

	2019
	HK$'000
For operating leases:	
Lease payment that are fixed	**47,655**
Variable lease payments that do not depend on an index or rate	**–**
Total revenue arising from leases	**47,655**

	2018
	HK$'000
Total revenue arising from leases:	
Operating leases income - property	48,873

No contingent rental is included in operating lease income.

The Group leases out various offices, warehouses, advertising spaces, restaurants and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of one to eight years, with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

5. OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of services provided and activities carried out by the Group's operating divisions.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments under HKFRS 8 "Operating Segments" are as follows:

1. Hotel operations - hotel accommodation, food and banquet operations and rental income from rentals of shop units situated in the hotels of the Group and from rentals of investment properties; and

2. Securities trading - trading of equity securities

Segment revenue and results

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

Year ended 31 December 2019

	Hotel operations *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Segment revenue	**215,137**	**239**	**215,376**
Segment (loss) profit excluding depreciation of property, plant and equipment, impairment loss on property, plant and equipment, impairment loss on right-of-use assets and loss on fair value changes of investments held for trading	**(9,443)**	**228**	**(9,215)**
Depreciation of property, plant and equipment	**(29,544)**	**–**	**(29,544)**
Impairment loss on property, plant and equipment	**(7,356)**	**–**	**(7,356)**
Impairment loss on right-of-use assets	**(9,200)**	**–**	**(9,200)**
Loss on fair value changes of investments held for trading	**–**	**(3,089)**	**(3,089)**
Segment loss	**(55,543)**	**(2,861)**	**(58,404)**
Directors' emoluments			**(3,548)**
Interest income on bank deposits			**7,623**
Loss on fair value changes of investment properties			**(37,743)**
Central administrative costs and unallocated corporate expenses			**(17,426)**
Loss before tax			**(109,498)**

Year ended 31 December 2018

	Hotel operations *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
Segment revenue	263,011	–	263,011
Segment profit (loss) excluding depreciation of property, plant and equipment and loss on fair value changes of investments held for trading	24,217	(403)	23,814
Depreciation of property, plant and equipment	(36,422)	–	(36,422)
Loss on fair value changes of investments held for trading	–	(9,442)	(9,442)
Segment loss	(12,205)	(9,845)	(22,050)
Directors' emoluments			(3,226)
Interest income on bank deposits			3,975
Loss on fair value changes of investment properties			(26,704)
Central administrative costs and unallocated corporate expenses			(17,760)
Loss before tax			(65,765)

Segment loss represents the loss from each segment without allocation of directors' emoluments, interest income on bank deposits, loss on fair value changes of investment properties, central administrative costs and unallocated corporate expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

6. OTHER INCOME, GAINS AND LOSSES

	2019 *HK$'000*	2018 *HK$'000*
Loss from changes in fair value of financial assets mandatorily measured at FVTPL – held for trading	**(3,089)**	(9,442)
Imputed interest income on rental deposit	**998**	–
Loss on deregistration of a subsidiary	**(2,094)**	–
Net exchange loss	**(701)**	(2,187)
Interest income on bank deposits	**7,623**	3,975
Sundry income	**2,175**	1,518
Loss on disposal of property, plant and equipment	**(29)**	(21)
Write-off of trade receivables	**(934)**	–
	3,949	(6,157)

7. FINANCE COSTS

	2019 *HK$'000*	2018 *HK$'000*
Interest on lease liabilities	**3,449**	–
Interest on other borrowings	**–**	376
	3,449	376

8. INCOME TAX EXPENSE (CREDIT)

	2019 *HK$'000*	2018 *HK$'000*
Current tax:		
PRC Enterprise Income Tax	**3,504**	5,694
Under(over)provision in prior years		
PRC Enterprise Income Tax	**179**	171
Capital gain tax *(Note)*	**–**	(66,744)
Deferred tax:		
Current year	**(2,285)**	(5,309)
	1,398	(66,188)

Note: This relates to reversal of provision for capital gain tax in relation to a deemed disposal of a subsidiary in the PRC that was completed in November 2013.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong for both years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

9. (LOSS) PROFIT FOR THE YEAR

(Loss) profit for the year has been arrived at after charging (crediting):

	2019	2018
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**29,820**	36,698
Depreciation of right-of-use assets	**39,506**	–
Total depreciation	**69,326**	36,698
Auditor's remuneration	**2,977**	2,971
Cost of inventories recognised as an expense	**20,390**	24,238
Electricity, water and utilities	**13,664**	15,478
Employee benefits expense	**81,349**	87,801
Expense relating to short-term lease and other leases with lease terms ending within 12 months of the date of initial application of HKFRS 16	**1,083**	–
Hotel management fee	**26,105**	24,472
Gross rental income from investment properties less negligible outgoings (included in revenue)	**(23,754)**	(24,808)

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during both years.

Subsequent to the end of the reporting period, a special dividend of HK$2.5 cents (2018: nil) per ordinary share, in an aggregate amount of HK$19,730,000 (2018: nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

11. LOSS PER SHARE

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

	2019	2018
	HK$'000	*HK$'000*
Loss for the year attributable to owners of the Company for the purposes of basic and diluted loss per share	**(95,435)**	(3,785)

Number of shares

	2019	2018
Weight average number of ordinary shares for the purposes of basic and diluted loss per share	**789,211,046**	789,211,046

The computation of diluted loss per share for both years does not assume the exercise of the Company's share options since their assumed exercise would result in a decrease in loss per share.

12. INVESTMENT PROPERTIES

	HK$'000
Fair value	
At 1 January 2018	164,000
Exchange adjustment	(7,296)
Decrease in fair value recognised in the profit or loss	(26,704)
At 31 December 2018	130,000
Exchange adjustment	(2,257)
Decrease in fair value recognised in the profit or loss	(37,743)
At 31 December 2019	90,000

13. TRADE AND OTHER RECEIVABLES

	2019	2018
	HK$'000	*HK$'000*
Trade receivables		
– contracts with customers	**2,644**	6,591
– operating lease receivables	**426**	1,521
	3,070	8,112
Rental and utility deposits	**21,025**	21,094
Other receivables and prepayments for operating expenses	**21,905**	16,779
Total trade and other receivables	**46,000**	45,985
Analysed as		
Current	**46,000**	26,185
Non-current	**–**	19,800
	46,000	45,985

Rental deposits paid were adjusted upon the initial application of HKFRS 16. Details of the adjustments are set out in note 2.

The following is an aged analysis of trade receivables presented based on the invoice dates.

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**2,673**	6,359
31 – 60 days	**184**	492
61 – 90 days	**68**	356
Over 90 days	**145**	905
	3,070	8,112

14. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 23 November 2018, Shropshire Property Limited ("Shropshire Property"), an indirect wholly-owned subsidiary of the Company, and Luoyang Dinghe Electric Construction Company Limited (洛陽鼎和電力建設有限公司) (the "Purchaser") entered into a sale and purchase agreement (the "Disposal Agreement"), pursuant to which Shropshire Property has conditionally agreed to dispose to the Purchaser of its entire equity interest in Luoyang Golden Gulf Hotel Company Limited (洛陽金水灣大酒店有限公司) ("Luoyang Golden Gulf"), a 60% owned subsidiary of Shropshire Property, at a consideration of Renminbi ("RMB") 61,000,000 (equivalent to approximately HK$68,500,000). A deposit of RMB21,000,000 (equivalent to approximately HK$23,906,000) was received by the Company in November 2018 and included in "trade and other payables".

The major asset of Luoyang Golden Gulf is Luoyang Golden Gulf Hotel situated in Luoyang in the PRC. The assets and liabilities attributable to Luoyang Golden Gulf, which is expected to be sold within twelve months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The net proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss has been recognised.

The major classes of assets and liabilities of Luoyang Golden Gulf classified as held for sale as at the end of the reporting period are as follows:

	2019	2018
	HK$'000	*HK$'000*
Property, plant and equipment	**45,328**	47,128
Inventories	**650**	696
Trade and other receivables	**2,906**	2,435
Bank balances and cash	**1,026**	179
Total assets classified as held for sale	**49,910**	50,438
Trade and other payables	**36,191**	35,535
Tax liabilities	**130**	350
Deferred tax liabilities	**732**	733
Total liabilities classified as held for sale	**37,053**	36,618

The disposal was completed after the end of the reporting period on 26 February 2020.

15. TRADE AND OTHER PAYABLES

The credit period on purchases of goods ranged from 30 to 60 days.

The following is an aged analysis of trade payables presented based on the invoice date.

	2019	2018
	HK$'000	*HK$'000*
0 – 30 days	**2,507**	2,913
31 – 60 days	**1,388**	565
61 – 90 days	**461**	499
Over 90 days	**833**	804
	5,189	4,781

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In review of 2019, the global economic growth has lost steam, and was continued to decelerate throughout a number of downside risks. The tourism and businesses in hotel market were clouded with the dampening consumer sentiment under the increase of geopolitical risks and the PRC – the United States (the "US") trade tensions uncertainties, as well as unfortunate terrorist events affecting tourism and hotel businesses in global markets. The market confidence was generally negatively impacted by the uncertainties arising from social atmosphere and global political economy, which were characterised by great complexity and vicissitude. As concerns with the pressure the economy is under with the US trade war ongoing, stocks markets have already taken hits. With the trade war lasting over 500 days and counting, tariffs and trade tensions are increasingly being priced in as a given in the US-PRC relationship.

Despite signs of global slowdown, with a challenging operating environment as the pressures posed by the US trade negotiation and other internal headwinds, the PRC adopted a series of positive fiscal policies from the beginning of the 2019 to strengthen counter-cyclical adjustment. Judging from that, the execution of these policies went well and the PRC managed steady growth in 2019 with the expectation of gross domestic product ("GDP") between 6.0% to 6.5%. The PRC's GDP finally averaged 6.1% in 2019, reflecting a decrease of about 0.6% as compared to 2018, the lowest figure since records began in 1992. In the meanwhile, Hong Kong was struggling under the ongoing demonstrations on anti-extradition bill protests, which was led to the steep crash in visitors arrivals from Mainland China in 2019. Major exhibitions, conferences and events have been cancelled or postponed. As many as 40 countries and jurisdictions have issued travel advisories against going to Hong Kong, heaping further pressure pushed Hong Kong to a technical recession. Hong Kong's GDP dropped 1.2% year-on-year in real terms in 2019, after the growth of 2.9% in 2018.

Starting from second half of 2019, tourist arrivals plunged over 40% in its sharpest decline since 2003 SARS crisis. Total visitors arrivals to Hong Kong amounted to approximately 55.9 million, representing an decrease of 14.2% year-on-year, after growing by 11.4% in 2018, which accounting for 78.3% of the total were visitors from Mainland China, and those visitors from Mainland China also dropped by 14.2% year-on-year, after rising by 14.8% in 2018. Visitors from the traditional short haul markets (excluding Mainland China) dropped by 14.7% year-on-year in 2019. Of the total visitors arrivals, overnight visitors accounted for approximately 23.7 million, which was a decrease of 18.8% when compared on a year-on-year basis. The average hotel room occupancy level for all the surveyed hotels under different categories in Hong Kong for the year ended 31 December 2019 decreased from approximately 91.0% to 77.3%, recorded a fair occupancy loss. Compared to occupancy, the overall room rate dropped by approximately 12.4% yearly in 2019.

FINANCIAL REVIEW

Given a challenging business environment with a slowdown in the tourist markets, the Group had reported weakening business development with a bit weak performance in respect of its overall hotel investment during the year under audit. Revenue of the Group attained HK$215.4 million for the year ended 31 December 2019, representing a decrease of 18.1% as compared to HK$263.0 million for the year ended 31 December 2018. The results of the Group for the year ended 31 December 2019 was a loss of HK$110.9 million (Year ended 31 December 2018: profit of HK$0.4 million) which was mainly attributable to gross profit of HK$62.9 million (Year ended 31 December 2018: gross profit of HK$106.3 million) and other income and gains of HK$3.9 million (Year ended 31 December 2018: other losses of HK$6.2 million), offset by administrative and other operating expenses of HK$117.6 million (Year ended 31 December 2018: HK$137.6 million); distribution and selling expenses of HK$1.0 million (Year ended 31 December 2018: HK$1.3 million); finance costs of HK$3.4 million (Year ended 31 December 2018: HK$0.4 million); impairment loss on property, plant and equipment of HK$7.4 million (Year ended 31 December 2018: nil); impairment loss on right-of-use assets of HK$9.2 million (Year ended 31 December 2018: nil); loss on fair value changes of investment properties of HK$37.7 million (Year ended 31 December 2018: HK$26.7 million) and income tax expense of HK$1.4 million (Year ended 31 December 2018: income tax credit of HK$66.2 million).

The performance of the Group's hotel operations and securities trading during the year ended 31 December 2019 under review, the commentary on the hotel sector and the changes in general market conditions and the potential impact on their operating performance and future prospects are contained in the succeeding sections headed "Business Review" and "Prospects".

BUSINESS REVIEW

Hotel Investment

The hotel operations comprises the operations of three "Rosedale" branded 4-star rated hotels located in each of Hong Kong, Guangzhou and Shenyang and the Luoyang Golden Gulf Hotel. Overall revenue generated from hotel investment decreased by 18.2% to HK$215.1 million for the year ended 31 December 2019 (Year ended 31 December 2018: HK$263.0 million). The combined average occupancy rate of the Group slightly decreased by 7.0% to 67.8% for the year ended 31 December 2019 (Year ended 31 December 2018: 74.8%). If the operational figures of our hotels are only compared with those of other comparable hotels in similar categories, their performance will be in line with market averages. The gross margin was maintained at 29.2% or decreased by 11.2% when compared with the corresponding period in 2018 of 40.4%. To combat the competitive environment, the Group will continue to invest resources to enhancing its market network and positioning and, in the meantime, will further streamline its business operations to contain costs efficiently.

Securities Trading

The segment recorded a loss of HK$2.9 million for the year ended 31 December 2019 (Year ended 31 December 2018: segment loss of HK$9.8 million), mainly representing fair value loss of investments held for trading, as a result of mark to market valuations as at the balance sheet date.

Material Acquisitions and Disposals

On 23 November 2018, an indirect wholly-owned subsidiary of the Company (the "Subsidiary") and an independent third party (the "Purchaser") entered into a disposal agreement (the "Disposal Agreement"), in relation to the possible disposal of 60% equity interests in Luoyang Golden Gulf Hotel Company Limited (the "Target Company"), a limited liability company established in the PRC and owned as to 60% by the Subsidiary at a consideration of RMB61 million (equivalent to approximately HK$68.5 million) (the "Consideration"). The Purchaser paid the Subsidiary RMB21 million (equivalent to approximately HK$23.9 million) (the "Deposit") upon both parties signed the Disposal Agreement. The Purchaser and the Subsidiary shall enter into an escrow agreement and open an escrow account (the "Escrow Account") within 3 business days after the shareholders of the Company at the special general meeting have approved the Disposal Agreement. The remaining balance of the Consideration of RMB40 million (equivalent to approximately HK$44.6 million), shall be deposited into the Escrow Account by the Purchaser within 3 business days upon opening of such account. As at the date of Disposal Agreement, the Target Company has leased out certain spaces to tenants. Pursuant to the Disposal Agreement, the Subsidiary has undertaken not to request the tenants for any advanced rental for the next year. In the event the Target Company has received any such advanced rental payment, the amount of the Consideration payable by the Purchaser to the Subsidiary shall be reduced accordingly. On 22 May 2019, the Purchaser and the Subsidiary entered into a supplemental agreement to extend the long stop date to 10 months from the date of the Disposal Agreement, with all terms and conditions remain unchanged. Further details were set out in the announcements of the Company dated 26 November 2018, 17 December 2018, 31 December 2018, 18 January 2019, 4 February 2019, 8 March 2019, 4 April 2019, 26 April 2019, 24 May 2019, 21 June 2019, 19 July 2019, 23 August 2019, 20 September 2019, 25 September 2019, 25 October 2019 and 4 November 2019. The Disposal Agreement was approved by the shareholders of the Company at the special general meeting held on 10 December 2019 and it was completed on 26 February 2020.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2019, the Group's cash and bank balances and investments held for trading amounted to HK$1,816.3 million (31 December 2018: HK$1,866.8 million). The Group has no borrowings as at each of 31 December 2019 and 31 December 2018.

The Group's current assets and current liabilities as at 31 December 2019 were HK$1,913.7 million and HK$160.6 million (31 December 2018: HK$1,945.0 million and HK$143.0 million), respectively. As a result, the current ratio of the Group as at 31 December 2019 was 11.9 (31 December 2018: 13.6). The gearing ratio as at 31 December 2019, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was nil (31 December 2018: nil).

As at each of 31 December 2019 and 31 December 2018, over 95% of the Group's cash and bank balances and investments held for trading were denominated in Hong Kong dollar and United States dollar, and the balance of approximately 4.2% (31 December 2018: 4.6%) were in Renminbi.

PLEDGE OF ASSETS

The Group did not have any assets pledged for credit facilities as at each of 31 December 2019 and 31 December 2018.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at each of 31 December 2019 and 31 December 2018.

FOREIGN CURRENCY EXPOSURE

The majority of the Group's assets and liabilities and business transactions were denominated in Hong Kong dollar and Renminbi. During the year ended 31 December 2019, the Group has not entered into any hedging arrangements. However, the Group will actively consider the use of relevant financial instruments to manage currency exchange risks in line with our business development.

INTEREST RATE EXPOSURE

During the year ended 31 December 2019, the Group was not subject to the risk of significant interest rate volatility. The Company will continue to monitor the interest rate markets and actively consider the application of relevant financial instruments to manage risks associated with interest rates.

EMPLOYEE AND REMUNERATION POLICY

At 31 December 2019, the Group had 586 employees of which 479 employees were stationed in the PRC. Employees' remuneration packages were determined in accordance with individual's responsibility, competence and skills, qualifications, experience and performance as well as market pay-level. Staff benefits include training programs, provident fund scheme, medical insurance and other competitive fringe benefits.

To provide incentives and rewards to employees, the Company has adopted a share option scheme for the eligible participants (including employees).

PROSPECTS

Looking ahead, the global economy continues to face an unprecedentedly challenge while the economic outlook and operating environment of Hong Kong and the PRC are anticipated to be notable challenging as we enter 2020. In addition to the US-PRC trade & political tensions and the ongoing demonstrations on Hong Kong anti-extradition bill protests, together with the pandemic of coronavirus disease (COVID-19) mean a triple blow to Hong Kong and the PRC's economy. This highly infectious virus, which has led to a substantial travel restriction and lockdowns across the PRC, and many countries have drastically reduced or even closed air traffic with the PRC, will particularly deliver a hard hit to the hotel sector, with occupancy rates of hotels in some districts dropping severely. As a dramatic slowdown in travel to Hong Kong, the number of arrivals in Hong Kong have plummeted by 75% as the first quarter of 2020, following the government's suspension of certain services to contain the COVID-19 pandemic. Considering the slowdown in economic growth and the threat of COVID-19, the government forecasts Hong Kong's economy to grow by -1.5% to 0.5% in 2020.

Given the dynamic nature of these circumstances as the hotel sector will stay weak, the revenue of the Group will continue to be impacted during a period when the Group is taking strict precautionary measures to ensure the health and safety of its employees, and supporting the steps taken by the government to control the further spread of COVID-19, some of our hotels in the PRC which have witnessed significantly lowered occupancies in the first quarter of 2020 amid the lockdowns imposed by the government of the PRC (the "Central Government"). However, the widespread occurrence of COVID-19 should not cause long-term damage to our hotel sector but will inevitably be a short-term impact to our performance and prospects in the first half of 2020. The Group will attempt to stay vigilant and be proactive in responding to these extraordinary with our shareholders about the significance for our operating results.

DIVIDENDS

The Board has resolved not to recommend a final dividend but to recommend a special dividend of HK$2.5 cents (2018: nil) per share for the year ended 31 December 2019 to shareholders of the Company whose names appear on the register of members of the Company on 4 June 2020.

Subject to the approval of shareholders of the Company at the forthcoming annual general meeting of the Company, it is expected that the payment of the special dividend will be made on 17 July 2020.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group for the year ended 31 December 2019 including the accounting principles and practices adopted by the Group have been reviewed by the Audit Committee of the Company and audited by the auditor of the Company, Moore Stephens CPA Limited.

AUDIT OPINION

The auditor of the Group has issued an opinion with an emphasis of matter paragraph on the consolidated financial statements of the Group for the period under audit. An extract of the auditor's report is set out in the section headed "EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT" below.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

CORPORATE GOVERNANCE

In the opinion of the Board, the Company had complied with the code provisions set out in the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited during the year ended 31 December 2019, except for the following deviation:

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election. The current independent non-executive Directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-laws of the Company. The Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those prescribed by code provision A.4.1, and therefore does not intend to take any steps in this regard at the moment.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company ("2020 AGM") is scheduled to be held on 28 May 2020. The notice of 2020 AGM will be published on the websites of the Company and Hong Kong Exchanges and Clearing Limited, and despatched to shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

(i) For the purpose of determining shareholders who are entitled to attend and vote at the 2020 AGM, the register of members of the Company will be closed from 22 May 2020 to 28 May 2020, both days inclusive. All transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 21 May 2020.

(ii) For the purpose of determining the entitlement of shareholders to the special dividend (if approved by the shareholders at the 2020 AGM), the register of members of the Company will be closed from 3 June 2020 to 4 June 2020, both days inclusive. All transfer of shares accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 2 June 2020.

By order of the Board
GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED
Yap, Allan
Chairman

Hong Kong, 27 March 2020

As at the date of this announcement, the Board comprises:

Executive Directors:
Dr. Yap, Allan *(Chairman)*
Mr. Lai Tsz Wah *(Managing Director)*
Mr. Dong Bo, Frederic
Mr. Wong Kui Shing, Danny

Independent Non-executive Directors:
Mr. Kwok Ka Lap, Alva
Mr. Poon Kwok Hing, Albert
Mr. Sin Chi Fai