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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2020

The board ("Board") of directors ("Directors") of GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED ("Company") announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as "Group") for the six months ended 30 June 2020 together with comparative figures for the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Revenue			
Contracts with customers		**17,888**	94,091
Lease		**17,422**	24,509
Total revenue	3	**35,310**	118,600
Direct operating costs		**(16,238)**	(82,205)
Gross profit		**19,072**	36,395
Other income, gains and losses		**7,486**	512
Distribution and selling expenses		**(160)**	(503)
Administrative and other operating expenses		**(67,791)**	(57,256)
Fair value loss on investment properties	10	**(18,344)**	(16,088)
Gain on disposal of subsidiaries	4	**67,446**	–
Finance costs		**(979)**	(2,069)

	NOTES	Six months ended 30 June **2020** ***HK$'000*** **(unaudited)**	 2019 *HK$'000* (unaudited)
Profit (loss) before tax		**6,730**	(39,009)
Income tax expense	5	**(8,682)**	(1,556)
Loss for the period	6	**(1,952)**	(40,565)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**214**	6,576
Total comprehensive expense for the period		**(1,738)**	(33,989)
Loss for the period attributable to:			
Owners of the Company		**(1,372)**	(38,576)
Non-controlling interests		**(580)**	(1,989)
		(1,952)	(40,565)
Total comprehensive expense for the period attributable to:			
Owners of the Company		**(1,625)**	(32,764)
Non-controlling interests		**(113)**	(1,225)
		(1,738)	(33,989)
LOSS PER SHARE	8		
Basic (HK$)		**(0.00)**	(0.05)
Diluted (HK$)		**(0.00)**	(0.05)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	NOTES	**30 June 2020** ***HK$'000*** **(unaudited)**	31 December 2019 *HK$'000* (audited)
Non-current assets			
Property, plant and equipment	9	**236,547**	253,961
Investment properties	10	**70,000**	90,000
Right-of-use assets	9	**17,661**	33,746
		324,208	377,707
Current assets			
Inventories		**1,390**	1,488
Trade and other receivables	11	**41,863**	46,000
Investments held for trading	12	**154**	189
Bank balances and cash		**1,787,444**	1,816,076
		1,830,851	1,863,753
Assets classified as held for sale	13	**–**	49,910
		1,830,851	1,913,663
Current liabilities			
Trade and other payables	14	**56,376**	71,375
Tax liabilities		**16,691**	9,859
Lease liabilities		**24,916**	40,462
Contract liabilities		**1,816**	1,883
		99,799	123,579
Liabilities associated with assets classified as held for sale	13	**–**	37,053
		99,799	160,632
Net current assets		**1,731,052**	1,753,031
Total assets less current liabilities		**2,055,260**	2,130,738
Non-current liabilities			
Deferred tax liabilities		**29,763**	30,055
Lease liabilities		**2,376**	2,691
		32,139	32,746
Net assets		**2,023,121**	2,097,992

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Capital and reserves		
Share capital	**7,892**	7,892
Reserves	**1,840,822**	1,915,580
Equity attributable to owners of the Company	**1,848,714**	1,923,472
Non-controlling interests	**174,407**	174,520
Total equity	**2,023,121**	2,097,992

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements of GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED (the "Company") and its subsidiaries (collectively the "Group") for the year ended 31 December 2019.

The unaudited consolidated financial statements for the six months ended 30 June 2020 have not been audited by the Company's independent auditor, but have been reviewed by the Company's audit committee.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of new and 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 2020 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2019.

The HKCPA has issued a number of new and revised HKFRSs and interpretations that are first effective or available for early adoption for the six months ended 30 June 2020. The Group is assessing the full impact of these new standards, amendments and interpretations. According to the preliminary assessment, there have been no material impact on the accounting policies applied in these financial statements for the current and prior accounting periods presented as a result of these developments.

3. SEGMENT INFORMATION

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.

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

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

Segment revenue and results

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

Six months ended 30 June 2020 (unaudited)

	Hotel operations	Securities trading	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
REVENUE	**35,310**	**–**	**35,310**
RESULTS			
Segment profit excluding depreciation of property, plant and equipment and fair value loss on investments held for trading	**50,668**	**–**	**50,668**
Depreciation of property, plant and equipment	**(16,362)**	**–**	**(16,362)**
Fair value loss on investments held for trading	**–**	**(35)**	**(35)**
Segment profit (loss)	**34,306**	**(35)**	**34,271**
Directors' emoluments			**(1,689)**
Interest income on bank deposits			**2,116**
Fair value loss on investment properties			**(18,344)**
Central administrative costs and other unallocated corporate expenses			**(9,624)**
Profit before tax			**6,730**

Six months ended 30 June 2019 (unaudited)

	Hotel operations *HK$'000*	Securities trading *HK$'000*	Consolidated *HK$'000*
REVENUE	118,600	–	118,600
RESULTS			
Segment profit (loss) excluding depreciation of property, plant and equipment and fair value loss on investments held for trading	7,063	(6)	7,057
Depreciation of property, plant and equipment	(20,172)	–	(20,172)
Fair value loss on investments held for trading	–	(1,193)	(1,193)
Segment loss	(13,109)	(1,199)	(14,308)
Directors' emoluments			(2,063)
Interest income on bank deposits			2,175
Fair value loss on investment properties			(16,088)
Central administrative costs and other unallocated corporate expenses			(8,725)
Loss before tax			(39,009)

Segment result represents the profit (loss) incurred by each segment without allocation of directors' emoluments, interest income on bank deposits, fair value loss on investment properties and central administrative costs and other unallocated corporate expenses. This is the measure reported to the Group's CODM for the purposes of resource allocation and performance assessment.

4. **DISPOSAL OF SUBSIDIARIES**

As referred to in note 13, the Group disposed of its subsidiaries, Luoyang Golden Gulf and its subsidiary. The related gain at the date of disposal was as follows:

	HK$'000
Gain on disposal of subsidiaries:	
Consideration received and receivable	68,500
Net assets disposed of	(20,016)
Non-controlling interests	8,006
Gain on disposal of subsidiaries before taxation and release of attributable reserve	56,490
Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity to profit or loss on loss of control of the subsidiaries	17,806
Gain on disposal of subsidiaries before taxation	74,296
Less: Taxation	(6,850)
Gain on disposal of subsidiaries after taxation	67,446

5. **INCOME TAX EXPENSE**

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current tax:		
People's Republic of China ("PRC") taxes	**(14,517)**	(3,688)
Deferred tax	**5,835**	2,132
Income tax expense	**(8,682)**	(1,556)

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

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 periods.

6. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Depreciation of property, plant and equipment	**18,967**	20,310
Depreciation of right-of-use assets	**16,362**	19,359
Electricity, water and utilities	**3,826**	6,608
Lease payments for short-term leases	**641**	897
Loss on disposal of property, plant and equipment	**15**	–

7. DIVIDENDS

The directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

During the six months ended 30 June 2020, the Company declared a special dividend of HK$2.5 cents per share, totalling of HK$19,730,000 was distributed on 17 July 2020.

8. 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	
	2020	2019
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(1,372)**	(38,576)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**789,211,046**	789,211,046

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

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group paid approximately HK$54,250 for acquisition of furniture and fixtures (six months ended 30 June 2019: approximately HK$247,000 for acquisition of furniture and fixtures and office equipment).

Rosedale Hotel Guangzhou Co., Ltd. ("Rosedale Guangzhou")

Included in the hotel properties in the PRC is a hotel property with carrying value of HK$92,116,000, net of accumulated impairment loss of HK$6,322,000 (31 December 2019: carrying value of HK$121,393,000, net of accumulated impairment loss of HK$6,322,000) situated in Guangzhou, in which the Group holds land use rights and property right of the hotel property for a term expiring in January 2037, under the name of Rosedale Guangzhou.

Pursuant to a co-operative agreement entered into between Allied Glory Investment Limited ("Allied Glory"), an indirect non-wholly owned subsidiary of the Company, and the minority shareholder (the "PRC Partner") of Rosedale Guangzhou, the co-operative period for Rosedale Guangzhou is 50 years commencing from 15 January 1987.

Rosedale Guangzhou is a Sino-foreign co-operative joint venture incorporated in the PRC and its major asset is a hotel property located in Guangzhou ("Rosedale Guangzhou Hotel"), which it owns and operates. The rights and ownership of Rosedale Guangzhou Hotel would be transferred to the PRC Partner upon the completion of the co-operative period. Pursuant to the approval issued by the Foreign Economic and Trade Commission (the "FETC"), Rosedale Guangzhou was granted an initial co-operative period of 30 years and such approval also stated that, subject to the satisfaction of certain conditions, the co-operative period could be extended for a further period of time but not more than 20 years. Rosedale Guangzhou was then granted a business licence with a period of 30 years which expired on 15 January 2017. Upon expiry of the business licence, the PRC Partner refused to cooperate with Allied Glory to jointly apply for the extension of the business licence to 15 January 2037.

Allied Glory applied for an arbitral award (the "Arbitral Award") to reinstate the co-operative period to 50 years and require the PRC Partner to cooperate in the application process of the relevant licence of Rosedale Guangzhou for an extension to 15 January 2037.

On 3 May 2017, Allied Glory received an Arbitral Award issued by the China International Economic and Trade Arbitration Commission (the "CIETAC") pursuant to which the co-operative period for Rosedale Guangzhou under the co-operative agreement made shall be extended until 15 January 2027 and the PRC Partner shall provide all necessary assistance to Rosedale Guangzhou in the application process for extending its business licence.

The Arbitral Award, being a final award, took effect on the date of issue and is legally binding on all parties to the arbitration. The PRC Partner had, however, refused and/or failed to cooperate with Allied Glory to apply for such extension. Allied Glory then submitted an application to Guangzhou Intermediate People's Court (the "Intermediate Court") for enforcement of the Arbitral Award and the application was accepted by the Intermediate Court in July 2017. The Intermediate Court directed such application to Guangzhou Haizhu Court which subsequently issued an execution order (the "Execution Order") to Bureau of Guangzhou Haizhu Industry and Information Technology (廣州市海珠區科技工業商務和信息化局) and Bureau of Guangzhou Haizhu Market and Quality Supervision (廣州市海珠區市場和質量監督管理局) on 14 September 2017 enabling Allied Glory to apply for the relevant business licence. On 30 November 2017, the Execution Order was suspended due to the fact that, based on the reply from the Bureau of Guangzhou Haizhu Market and Quality Supervision, the unilateral application for the extension of the business licence could not be proceeded as it is subject to further re-submission with relevant extension documents.

On 18 July 2019, the business licence of Rosedale Guangzhou which expired on 15 January 2017 was renewed and the operating period of Rosedale Guangzhou was extended to 15 January 2027.

10. MOVEMENTS IN INVESTMENT PROPERTIES

The Group's investment properties as at the end of the current interim period were determined based on the income capitalization approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The resulting decrease in fair value of investment properties of HK$18,344,000 has been recognised directly in profit or loss for the six months ended 30 June 2020 (six months ended 30 June 2019: HK$16,088,000).

11. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers.

The following is an analysis of trade receivables by age, presented based on the invoice date, which approximated the revenue recognition date.

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**1,860**	2,673
31 – 60 days	**386**	184
61 – 90 days	**50**	68
Over 90 days	**34**	145
	2,330	3,070

12. INVESTMENTS HELD FOR TRADING

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
Listed investments		
– Equity securities listed in Hong Kong	**154**	189

13. 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.

The assets and liabilities attributable to Luoyang Golden Gulf, which was expected to be sold within twelve months, have been classified as a disposal group held for sale and were separately presented in the condensed consolidated statement of financial position as at 31 December 2019.

Major classes of assets and liabilities of Luoyang Golden Gulf as at 31 December 2019 are as follows:

	HK$'000
Property, plant and equipment	45,328
Inventories	650
Trade and other receivables	2,906
Bank balances and cash	1,026
Total assets classified as held for sale	49,910
Trade and other payables	36,191
Tax liabilities	130
Deferred tax liabilities	732
Total liabilities classified as held for sale	37,053

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.

14. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	30 June 2020	31 December 2019
	HK$'000	*HK$'000*
	(unaudited)	(audited)
0 – 30 days	**714**	2,507
31 – 60 days	**231**	1,388
61 – 90 days	**202**	461
Over 90 days	**2,597**	833
	3,744	5,189

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

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

The economy is facing an unprecedentedly challenging environment since the beginning of 2020. During the six months ended 30 June 2020 under review, the continuous upgrade of the highly infectious coronavirus disease (COVID-19) has led to a ‘home-based’ economy with substantial travel restrictions and lockdowns across the People’s Republic of China (the “PRC”), and many countries have drastically reduced or even closed air travel with the PRC, particularly delivered a hard hit to the hotel sector, 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. In addition to the United States (the “US”)-PRC trade & political tensions and the ongoing demonstrations on Hong Kong anti-extradition bill protests, together with the pandemic of COVID-19 meant a triple blow to Hong Kong and the PRC’s economy.

Although along with an effective control of the pandemic of COVID-19 in the PRC, its gross domestic product (“GDP”) decreased by 1.6% in the first half of 2020, reflecting a decrease of about 7.9% as compared to the corresponding period last year, the lowest figure since records began in 1992, as the shock from the protracted trade war with the US. Even during the global financial crisis in 2009, the PRC’s quarterly GDP growth did not dip below 6.4%. In the meanwhile, Hong Kong’s economic performance had been shrunk severely, with the labour market conditions deteriorated, its economy contracted sharply by 7.9% in the first half of 2020, as compared to year-over-year in 2019, after the growth of 2.8% in the preceding year. In the view of the first half of 2020, total visitors’ arrivals to Hong Kong amounted to approximately 3.5 million, representing a drop of 89.9%, after growing by 13.9% in 2019, which accounting for 76.3% of the total were visitors from Mainland China. The average hotel room occupancy level for all the surveyed hotels under different categories in Hong Kong for the six months ended 30 June 2020 was 39.2%, representing a decrease of 50.8% as compared to year-over-year in 2019.

FINANCIAL REVIEW

During the six months ended 30 June 2020, the Group's business and financial performance had been significantly and adversely by the pandemic of COVID-19 with the travel restrictions, revenue of the Group attained HK$35.3 million, representing a decrease of 70.2% as compared to HK$118.6 million for the six months ended 30 June 2019. The results of the Group for the six months ended 30 June 2020 was a loss of HK$2.0 million (Six months ended 30 June 2019: loss of HK$40.6 million) which was mainly attributable to gross profit of HK$19.1 million (Six months ended 30 June 2019: gross profit of HK$36.4 million); administrative expenses of HK$67.8 million (Six months ended 30 June 2019: HK$57.3 million); distribution and selling expenses of HK$0.2 million (Six months ended 30 June 2019: HK$0.5 million); finance costs of HK$1.0 million (Six months ended 30 June 2019: HK$2.1 million); fair value loss on investment properties of HK$18.3 million (Six months ended 30 June 2019: HK$16.1 million); and income tax expense of HK$8.7 million (Six months ended 30 June 2019: HK$1.6 million), partially offset by the gain on disposal of subsidiaries of HK$67.4 million (Six months ended 30 June 2019: nil) and other incomes of HK$7.5 million (Six months ended 30 June 2019: HK$0.5 million).

The performance of the Group's hotels and securities trading during the period 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 investment segment comprises three "Rosedale" branded 4-star rated hotels located in Hong Kong, Guangzhou and Shenyang. Under the aforesaid challenging operating environment in the period under review, overall revenue generated from hotel investment decreased by 70.2% to HK$35.3 million for the six months ended 30 June 2020 (Six months ended 30 June 2019: HK$118.6 million). The combined average occupancy rate of the Group decreased by 36.2% to 30.1% for the six months ended 30 June 2020 (Six months ended 30 June 2019: 66.3%). 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 of 54.0% was increased by 23.3% when compared with the corresponding period in 2019 of 30.7%. 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$35,000 for the six months ended 30 June 2020 (Six months ended 30 June 2019: segment loss of HK$1.2 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 Renminbi ("RMB") 61 million (equivalent to approximately HK$68.5 million) (the "Consideration"). The Purchaser paid the Subsidiary RMB21 million (equivalent to approximately HK$23.6 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 30 June 2020, the Group's cash and bank balances and investments held for trading amounted to HK$1,787.6 million (31 December 2019: HK$1,816.3 million). The Group has no borrowings as at each of 30 June 2020 and 31 December 2019.

The Group's current assets and current liabilities as at 30 June 2020 were HK$1,830.9 million and HK$99.8 million (31 December 2019: HK$1,913.7 million and HK$160.6 million), respectively. As a result, the current ratio of the Group as at 30 June 2020 was 18.3 (31 December 2019: 11.9). The gearing ratio as at 30 June 2020, expressed as a percentage of total borrowings to equity attributable to owners of the Company, was nil (31 December 2019: nil).

PLEDGE OF ASSETS

The Group did not have any assets pledged for credit facilities as at each of 30 June 2020 and 31 December 2019.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at each of 30 June 2020 and 31 December 2019.

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 six months ended 30 June 2020, 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 six months ended 30 June 2020, 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 30 June 2020, the Group had 526 employees of which 448 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 continuous upgrade of the COVID-19 is still on going and might continuously affect the business activities of countries around the world significantly, thus the economic outlook and the operating environment are anticipated to be notable challenging in the second half of 2020. Barring unforeseen circumstances with the tensions in the PRC-US trade dispute continues to escalate and compounded by the global COVID-19 pandemic, it is expected to contract Hong Kong and the PRC's economy even further, and the road to recovery will be uneasy for the remaining months of the year.

COVID-19 is a major humanitarian challenge, that has led the travel and tourism sectors almost came to a halt. New procedures, standards and processes, either temporary or long term have been newly set, which has led to a generational shift in the way the world operates. At the same time, the hotel sector is moving forward towards a 'new normal', with unprecedented health and safety measures in place. Thus, we have begun consolidating internal operational efficiency in response to change in the markets. Our central mission is restoring consumers' confidence, which must be to give every guest of our hotels the confidence and reassurance that they are safe when they stay with us.

Given the dynamic nature of these circumstances, 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 governments to control the further spread of COVID-19. 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 second 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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2020 (Six months ended 30 June 2019: nil).

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 six months ended 30 June 2020.

REVIEW OF INTERIM RESULTS

The audit committee of the Company has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2020.

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 ("Listing Rules") during the six months ended 30 June 2020, except for the following deviations:

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 each annual general meeting in accordance with the Bye-Laws of the Company ("Bye-Laws"). 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 does not intend to take any steps in this regard at the moment.

Code Provision C.1.2

Under code provision C.1.2 of the CG Code, the management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

Monthly updates of the Company for the period from January to February 2020 were not provided to the Directors as the Company's major hotels, its employees and facilities are located in the PRC which had been affected by the outbreak of COVID-19 since December 2019. During the period from January to February 2020, the offices at the PRC were largely suspended operations. As a result, the Company was unable to complete the preparation of the Company's consolidated accounts, and did not provide monthly performance of the Company to the Directors.

Code Provision E.1.2

Code provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. The former chairman of the Company, Dr. Yap, Allan, was unable to attend the annual general meeting of the Company held on 28 May 2020 ("2020 AGM") as he had another business engagement. Mr. Lai Tsz Wah, the managing director of the Company, attended and took the chair of the 2020 AGM in accordance with Bye-Law 68 of the Bye-Laws and answered questions from shareholders of the Company.

By Order of the Board
GREATER BAY AREA DYNAMIC GROWTH HOLDING LIMITED
Lai Tsz Wah
Managing Director

Hong Kong, 27 August 2020

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

Executive Directors:
Mr. Lai Tsz Wah *(Managing Director)*
Mr. Liu Hao

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