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GREAT CHINA HOLDINGS LIMITED

大中華集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock code: 141)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2013

The board of directors (the “Board”) of Great China Holdings Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2013, together with the comparative figures for the corresponding period in 2012.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Six months ended 30 June	
		2013	2012
		HK\$'000	HK\$'000
		Unaudited	Unaudited
Revenue	3	916,707	895,335
Cost of sales		<u>(856,641)</u>	<u>(829,705)</u>
Gross profit		60,066	65,630
Other income	5	18,955	14,964
Distribution costs		(15,554)	(25,738)
Administrative expenses		(18,195)	(16,559)
Share of results of associates		—	107,697
Finance costs	6	(4,953)	(8,779)
Other gains/(losses)			
Increase in fair value of investment properties		4,572	11,446
Change in fair value of financial assets at fair value through profit or loss		(931)	—
Change in fair value of derivative financial instruments		1,859	(1,837)
Reversal of impairment/(Impairment loss) on available-for-sale financial assets		47	(13)
Others		5,709	(7,027)
Profit before income tax	7	51,575	139,784
Income tax expense	8	(1,999)	(1,668)
Profit for the period attributable to owners of the Company		49,576	138,116
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share — Basic	9	18.94	52.78
— Diluted		N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit for the period	<u>49,576</u>	<u>138,116</u>
Other comprehensive income		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Exchange difference arising from translation of foreign operations	9,009	(7,562)
Increase/(Decrease) in fair value of available-for-sale financial assets	<u>180</u>	<u>(130)</u>
Other comprehensive income for the period	<u>9,189</u>	<u>(7,692)</u>
Total comprehensive income for the period attributable to owners of the Company	<u><u>58,765</u></u>	<u><u>130,424</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 June 2013 <i>HK\$'000</i> Unaudited	At 31 December 2012 <i>HK\$'000</i> Audited
	<i>Notes</i>		
Non-current assets			
Investment properties	11	968,352	956,907
Property, plant and equipment		51,550	52,788
Prepaid lease payments for land		268	271
Other receivables	12	—	16,175
Available-for-sale financial assets		11,304	11,077
		1,031,474	1,037,218
Current assets			
Properties held for sale		19,762	19,322
Inventories		53,553	146,199
Prepaid lease payments for land		4	4
Trade and other receivables, prepayments and deposits	12	650,866	307,809
Financial assets at fair value through profit or loss	13	92,563	13,648
Tax recoverable		295	295
Derivative financial assets	14	55	152
Restricted bank deposit	15	17,057	16,789
Pledged bank deposits		—	92,449
Structured bank deposits	15	405,685	375,667
Bank balances and cash		104,289	333,728
		1,344,129	1,306,062
Current liabilities			
Trade and bills payables	16	398,964	318,352
Other payables and accrued expenses		88,841	104,569
Rental deposits received		3,149	3,082
Borrowings		225,739	279,594
Derivative financial liabilities	14	—	3,051
Tax payable		1,123	1,296
		717,816	709,944

	At 30 June 2013 <i>Notes</i> HK\$'000 Unaudited	At 31 December 2012 <i>Notes</i> HK\$'000 Audited
Net current assets	<u>626,313</u>	<u>596,118</u>
Total assets less current liabilities	<u>1,657,787</u>	<u>1,633,336</u>
Non-current liabilities		
Rental deposits received	5,583	4,831
Borrowings	147,425	158,396
Deferred tax liabilities	<u>55,149</u>	<u>53,076</u>
	<u>208,157</u>	<u>216,303</u>
NET ASSETS	<u><u>1,449,630</u></u>	<u><u>1,417,033</u></u>
Capital and reserves		
Share capital	52,337	52,337
Reserves	<u>1,397,293</u>	<u>1,364,696</u>
TOTAL EQUITY	<u><u>1,449,630</u></u>	<u><u>1,417,033</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Properties revaluation reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2013	52,337	19,516	125,305	495	870	1,218,510	1,417,033
Profit for the period	—	—	—	—	—	49,576	49,576
Other comprehensive income for the period	—	—	9,009	—	180	—	9,189
Total comprehensive income for the period	—	—	9,009	—	180	49,576	58,765
Transactions with owners:							
2012 final dividend paid (<i>note 10</i>)	—	—	—	—	—	(26,168)	(26,168)
At 30 June 2013 (unaudited)	<u>52,337</u>	<u>19,516</u>	<u>134,314</u>	<u>495</u>	<u>1,050</u>	<u>1,241,918</u>	<u>1,449,630</u>
At 1 January 2012, as previously reported	52,337	19,516	141,013	495	1,270	863,909	1,078,540
Prior year adjustment in respect of change in accounting policy — Adoption of amendments to HKAS 12	—	—	—	—	—	69,061	69,061
At 1 January 2012, as restated	52,337	19,516	141,013	495	1,270	932,970	1,147,601
Profit for the period	—	—	—	—	—	138,116	138,116
Other comprehensive income for the period	—	—	(7,562)	—	(130)	—	(7,692)
Total comprehensive income for the period	—	—	(7,562)	—	(130)	138,116	130,424
Transactions with owners:							
2011 final dividend paid (<i>note 10</i>)	—	—	—	—	—	(2,617)	(2,617)
At 30 June 2012 (unaudited)	<u>52,337</u>	<u>19,516</u>	<u>133,451</u>	<u>495</u>	<u>1,140</u>	<u>1,068,469</u>	<u>1,275,408</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Net cash (used in)/generated from operating activities	(207,614)	40,749
Net cash generated from investing activities	68,979	417,631
Net cash used in financing activities	(90,994)	(450,064)
Net (decrease)/increase in cash and cash equivalents	(229,629)	8,316
Cash and cash equivalents at beginning of the period	333,728	91,430
Effect on foreign exchange rate changes	190	(780)
Cash and cash equivalents at end of the period	<u>104,289</u>	<u>98,966</u>
Analysis of balances of cash and cash equivalents		
Bank balance and cash	<u>104,289</u>	<u>98,966</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of the registered office and principal place of business of the Company is Unit D, 26th Floor, United Centre, 95 Queensway, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in the trading of animal feed, property investment and trading of properties.

Its immediate holding company is Fulcrest Limited, a limited liability company incorporated in Hong Kong and its ultimate holding company is Kwong Fong Industries Corporation, a limited liability company incorporated in Taiwan with its shares listed on the Taiwan Stock Exchange Corporation.

The functional currency of the Company and its major subsidiaries is United States dollars (“USD”). The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”) which is different from the functional currency of the Company, as the directors of the Company consider that HK\$ is a more appropriate presentation currency in view of its place of listing.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange. The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2012.

(b) Principal accounting policies

The unaudited condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair value.

The accounting policies and methods of computation used in the unaudited condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012 except as described below.

(c) **Adoption of new or revised standards**

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s unaudited condensed consolidated financial statements:

Amendments to HKAS 1 (Revised)	Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Annual improvements	Annual improvements to HKFRSs — 2009–2011 Cycle

Amendments to HKAS 1 (Revised) Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group’s presentation of other comprehensive income in these financial statements has been modified accordingly.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with HKAS 32 *Financial Instruments: Presentation* and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The adoption of the amendments does not have an material impact on the Group’s unaudited condensed consolidated financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of HKFRS 7.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the requirements in HKAS 27 *Consolidated and Separate Financial Statements* relating to the preparation of consolidated financial statements and HK-SIC 12 *Consolidation — Special Purpose Entities*, it introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013. Accordingly, this new accounting policy does not have any material impact on the financial position and the financial result of the Group.

HKFRS 12 Disclosure of Interests in Other Entities

HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by HKFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in the unaudited condensed consolidated financial statements as a result of adopting HKFRS 12.

HKFRS 13 Fair Value Measurement

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The Group has included the relevant disclosures in the unaudited condensed consolidated financial statements. The adoption of HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to HKFRSs 2009–2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, HKAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision-maker and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the chief operating decision-maker and there has been a material change in the amounts compared with the last annual financial statements.

In respect of this amendment, as the chief operating decision-maker regularly reviews assets and liabilities of the Group's reportable segments for performance assessment and resources allocation purposes and also, the directors are of the opinion that the changes in the reporting segment assets and liabilities from the amounts disclosed in the Group's last annual financial statements are material, the Group has continued to disclose segment assets and segment liabilities as part of the segment information in note 3.

(d) New or revised standards that are not yet effective and have not been early adopted by the Group

The new standards and amendments to standards, potentially relevant to the Group's financial statements, have been issued, but are not yet effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group. The Group is in the process of making an assessment of the potential impact of these new or revised standards.

3. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision-maker, for the purpose of resource allocation and assessment of segment performance focuses on operating divisions of the Group.

The Group has identified the following reportable segments for its operating segments. These segments are managed separately as each business offers different products and services and required different business strategies.

1. General trading — trading of fishmeal products
2. Property investment in Hong Kong — leasing of properties situated in Hong Kong
3. Property investment in the People's Republic of China (the "PRC") — leasing of properties situated in the PRC (other than Hong Kong) and provision for agency services. During the six months ended 30 June 2012, part of the business was carried out through certain associates, which had been disposed of by the Group in October 2012.
4. Trading of properties — sale of properties situated in the PRC

The accounting policies of the reportable segments are the same as the Group's accounting policies. There were no inter-segment sales between different operating segments for the six months ended 30 June 2013 (six months ended 30 June 2012: nil). Segment revenue represents sales revenue from external customers. The basis of measurement of segment profit or loss and the allocation of assets and liabilities to reportable segments are set out in the Group's annual financial statements for the year ended 31 December 2012.

Information regarding the above segments is reported below.

Segment revenue and results

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

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Six months ended 30 June 2013 (unaudited)</i>					
Reportable segment revenue	<u>899,055</u>	<u>6,993</u>	<u>10,659</u>	<u>—</u>	<u>916,707</u>
Reportable segment profit after tax	<u>40,234</u>	<u>7,526*</u>	<u>9,772**</u>	<u>—</u>	<u>57,532</u>
Change in fair value of financial assets at fair value through profit or loss					(931)
Reversal of impairment on available-for-sale financial assets					47
Central administrative costs					(7,766)
Unallocated income					938
Unallocated finance costs					(269)
Unallocated income tax credit					25
Profit for the period					<u>49,576</u>

* The segment profit after tax of property investment in Hong Kong included fair value gain on investment properties of HK\$2,200,000.

** The segment profit after tax of property investment in the PRC included fair value gain on investment properties of HK\$2,372,000, and deferred tax charge of HK\$885,000.

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>Six months ended 30 June 2012 (unaudited)</i>					
Reportable segment revenue	<u>877,098</u>	<u>7,521</u>	<u>10,716</u>	<u>—</u>	<u>895,335</u>
Reportable segment profit after tax	<u>14,484</u>	<u>13,755*</u>	<u>114,626**</u>	<u>—</u>	<u>142,865</u>
Impairment loss on available-for-sale financial assets					(13)
Central administrative costs					(4,305)
Unallocated finance costs					(188)
Unallocated income tax expense					(243)
Profit for the period					<u>138,116</u>

* The segment profit after tax of property investment in Hong Kong included fair value gain on investment properties of HK\$7,520,000.

** The segment profit after tax of property investment in the PRC included fair value gain on investment properties of HK\$3,926,000, deferred tax charge of HK\$862,000 and share of profit of associates of HK\$107,697,000.

Segment assets and liabilities

	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>At 30 June 2013 (unaudited)</i>					
Reportable segment assets	1,118,554	531,725	468,214	19,763	2,138,256
Available-for-sale financial assets					11,304
Financial assets at fair value through profit or loss					92,563
Corporate assets					133,480
Consolidated assets					<u>2,375,603</u>
Reportable segment liabilities	671,117	95,496	125,584	—	892,197
Corporate liabilities					33,776
Consolidated liabilities					<u>925,973</u>
	General trading <i>HK\$'000</i>	Property investment in Hong Kong <i>HK\$'000</i>	Property investment in the PRC <i>HK\$'000</i>	Trading of properties <i>HK\$'000</i>	Total <i>HK\$'000</i>
<i>At 31 December 2012 (audited)</i>					
Reportable segment assets	1,019,331	529,923	459,056	19,322	2,027,632
Available-for-sale financial assets					11,077
Financial assets at fair value through profit or loss					13,648
Corporate assets					290,923
Consolidated assets					<u>2,343,280</u>
Reportable segment liabilities	673,038	97,918	127,282	—	898,238
Corporate liabilities					28,009
Consolidated liabilities					<u>926,247</u>

4. SEASONALITY OF OPERATIONS

The Group's general trading operations are subject to seasonal fluctuation. In general, demand for the Group's products increases in the second quarter and the third quarter of each year and decreases thereafter.

5. OTHER INCOME

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest income on bank balances and trade receivables measured at amortised cost	12,906	14,420
Interest income on debt securities measured at fair value through profit or loss	381	—
	13,287	14,420
Dividend income from listed equity securities	105	—
Gain on disposal of property, plant and equipment	25	—
Reversal of allowance for doubtful debts	649	—
Sundry	4,889	544
	18,955	14,964

6. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Interest on bank loans		
— wholly repayable within five years	3,687	7,361
— not wholly repayable within five years	1,266	1,418
	4,953	8,779

7. PROFIT BEFORE INCOME TAX

Profit before income tax has been arrived at after (charging)/crediting:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Auditor's remuneration	(425)	(425)
Amortisation of prepaid lease payments for land	(2)	(2)
Depreciation of property, plant and equipment	(1,656)	(1,191)
Cost of inventories recognised as expense, including:	(856,641)	(829,705)
(Allowance)/Reversal of allowance for inventories	(3,935)	3,869
Exchange gain/(loss), net	5,709	(7,027)
Reversal of allowance/(Allowance) for doubtful debts	649	(34)
Staff costs including directors' emoluments	(11,413)	(8,701)
Gross rental income from investment properties	17,652	17,701
Less: Outgoings	(1,314)	(2,652)
Net rental income from investment properties	<u>16,338</u>	<u>15,049</u>

8. INCOME TAX EXPENSE

Income tax expense comprises:

	Six months ended 30 June	
	2013	2012
	HK\$'000	HK\$'000
	Unaudited	Unaudited
Hong Kong profits tax		
Current tax for the period	—	638
Other jurisdictions		
Current tax for the period	<u>760</u>	<u>111</u>
Deferred tax		
Current period	<u>1,239</u>	<u>919</u>
Income tax expense	<u><u>1,999</u></u>	<u><u>1,668</u></u>

For the six months ended 30 June 2013, no provision for Hong Kong profits tax has been made in the condensed consolidated financial statements as the Group has tax losses brought forward to offset against the estimated assessable profit for the period.

For the six months ended 30 June 2012, Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for that period.

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% (six months ended 30 June 2012: 25%).

Enterprise Income Tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (six months ended 30 June 2012: 10%) on the estimated assessable income for the period.

9. EARNINGS PER SHARE

The calculations of basic earnings per share attributable to owners of the Company are based on the following data:

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
Profit for the period attributable to owners of the Company	<u>49,576</u>	<u>138,116</u>

	Six months ended 30 June	
	2013	2012
	Number of shares	Number of shares
	Unaudited	Unaudited
Weighted average number of ordinary shares in issue during the period	<u>261,684,910</u>	<u>261,684,910</u>

No diluted earnings per share is presented for the six months ended 30 June 2013 and 2012 as there were no potential dilutive ordinary shares in issue in both periods.

10. DIVIDENDS

	Six months ended 30 June	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Unaudited
2012 final dividend paid of HK\$0.10 (six months ended 30 June 2012: 2011 final dividend paid of HK\$0.01) per ordinary share	<u>26,168</u>	<u>2,617</u>

11. INVESTMENT PROPERTIES

	At	At
	30 June	31 December
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	Unaudited	Audited
Carrying amount at beginning of the period/year	956,907	934,403
Exchange realignment	6,873	3,333
Increase in fair value	<u>4,572</u>	<u>19,171</u>
Carrying amount at end of the period/year	<u>968,352</u>	<u>956,907</u>

The Group's leasehold interests in land held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties at 30 June 2013 and 31 December 2012 have been arrived at on the basis of a valuation carried out on by A.G. Wilkinson & Associates, independent qualified professional valuers on those dates. A.G. Wilkinson & Associates is a member of the Hong Kong Institute of Surveyors, and

has appropriate qualifications and recent experiences in the valuation of properties in the PRC and Hong Kong. The valuation was assessed by Investment Method of Valuation, which is based on capitalisation of the net income by reference to market yield of similar properties.

Certain investment properties with an aggregate carrying amount of HK\$807,167,000 (31 December 2012: HK\$799,487,000) are pledged to secure bank facilities granted to the Group.

12. TRADE AND OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
Trade and bills receivables	603,925	272,425
Less: Allowance for doubtful debts	(3,128)	(3,549)
Trade and bills receivables, net	<u>600,797</u>	<u>268,876</u>
Prepayments, deposits and other receivables	50,649	55,864
Less: Allowance for doubtful debts	(580)	(756)
Prepayments, deposits and other receivables, net	<u>50,069</u>	<u>55,108</u>
Trade and other receivables, prepayments and deposits	650,866	323,984
Less: Other receivables recoverable after one year classified as non-current assets	—	(16,175)
Trade and other receivables, prepayments and deposits classified as current assets	<u><u>650,866</u></u>	<u><u>307,809</u></u>

A significant portion of the Group's bills receivables are on sight letter of credit, usance letter of credit up to a tenor of 365 days and bank's acceptance bills up to a tenor of 30 to 60 days (31 December 2012: 30 to 60 days). For other trade receivables, the Group allows a credit period ranging from 30 to 90 days (31 December 2012: 30 to 90 days).

The ageing analysis of trade and bills receivables (net of allowance for doubtful debts), based on invoice date, at of the end of the reporting period is as follows:

	At 30 June 2013 HK\$'000 Unaudited	At 31 December 2012 HK\$'000 Audited
0 – 30 days	239,711	27,090
31 – 60 days	17,039	22,240
61 – 90 days	96,439	919
91 – 120 days	25,074	57,009
Over 120 days	<u>222,534</u>	<u>161,618</u>
	<u><u>600,797</u></u>	<u><u>268,876</u></u>

During the six months ended 30 June 2013, the Group discounted part of its bills receivables with full recourse to financial institutions. In the event the discounted bills receivables were defaulted, the Group is obliged to pay the financial institutions the amount in default. Interest is charged at 3% (31 December 2012: 3%) per annum on the proceeds received from the financial institutions until the date of settlement of the discounted bills receivables. At 30 June 2013, bills receivables of HK\$190,801,000 (31 December 2012: HK\$187,796,000) continued to be recognised in the Group's financial statements even though they had legally been transferred to the financial institutions. The proceeds of the discounting transactions of HK\$190,801,000 (31 December 2012: HK\$187,796,000) are included in borrowings as asset-backed financing until the bills receivables are collected or the Group settles any losses suffered by the financial institutions. Because the bills receivables have been transferred to the financial institutions legally, the Group did not have the authority to determine the disposition of the bills receivables.

As at 30 June 2013, the Group has gross trade receivables and other receivables, due from a customer, Guangzhou Jinhe Feed Company Limited ("Jinhe"), amounted to HK\$33,171,000 (31 December 2012: HK\$32,648,000) and HK\$13,379,000 (31 December 2012: HK\$13,169,000) respectively. These receivables are past due as at the reporting date and allowance for doubtful debts amounting to HK\$2,019,000 (31 December 2012: HK\$2,630,000) in aggregate has been provided for these balances. The Group holds a guarantee from Mr. Wang Xianning (the "Guarantor") who pledged all his rights and interests in a property investment project (the "Collateral") to secure the receivables from Jinhe.

The Group has commenced legal proceedings against Jinhe, the Guarantor and Mr. Wong Hiuman (who shares joint and several liabilities over the payment obligation of Jinhe under the fishmeal trading contracts). The progress about the legal proceedings up to 31 December 2012 is disclosed in the Group's annual financial statements for the year ended 31 December 2012.

During the six months ended 30 June 2013, the judicial audit continued and has been substantially completed.

On 28 June 2013, a hearing was held in the Shanghai No. 2 Intermediate People's Court (the "Shanghai Court"). Another hearing was held in the Shanghai Court on 12 August 2013.

The next hearing in the China International Economic and Trade Arbitration Commission, Shanghai Sub-Commission is expected to be held soon after the hearing in the Shanghai Court.

Based on the advice of the Group's legal counsel, the management is optimistic that the Group is able to recover the carrying amounts of balances due from Jinhe.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	At 30 June 2013 <i>HK\$'000</i> Unaudited	At 31 December 2012 <i>HK\$'000</i> Audited
Equity securities held for trading, at fair value		
— Listed in Hong Kong	1,705	2,730
— Listed outside Hong Kong	7,634	10,918
	<u>9,339</u>	<u>13,648</u>
Debt securities held for trading, at fair value		
— Listed outside Hong Kong	61,581	—
— Traded on OTC outside Hong Kong	21,643	—
	<u>83,224</u>	<u>—</u>
	<u><u>92,563</u></u>	<u><u>13,648</u></u>

The fair values of the listed equity and debt securities and the debt securities traded on over-the-counter (“OTC”) are determined based on quoted market prices available on the relevant stock exchange and OTC market.

Certain debt securities of HK\$70,354,000 (31 December 2012: nil) were pledged against bank borrowings.

14. DERIVATIVE FINANCIAL INSTRUMENTS

	At 30 June 2013 <i>HK\$'000</i> Unaudited	At 31 December 2012 <i>HK\$'000</i> Audited
Derivative financial assets		
— Foreign currency non-deliverable forward contracts	—	152
— Foreign currency deliverable forward contract	55	—
	<u>55</u>	<u>152</u>
Derivative financial liabilities		
— Foreign currency non-deliverable forward contracts	—	532
— Interest rate swaps contracts	—	2,519
	<u>—</u>	<u>3,051</u>

15. RESTRICTED BANK DEPOSIT / STRUCTURED BANK DEPOSITS

Restricted bank deposit as at 30 June 2013 of HK\$17,057,000 (31 December 2012: HK\$16,789,000) represented a time deposit with original maturity of two years up to November 2013 charged to the Heyuan Intermediate People’s Court as guarantee for the application of the second assets preservation order to seal up the Collateral pledged by the Guarantor (details are set out in note 12). The restricted bank deposit carries fixed interest rate at 4.40% per annum.

The structured bank deposits are principal-protected yield enhancement bank deposits carrying a minimum interest rate ranging from 0% to 1.80% (31 December 2012: 1.20% to 2.20%) per annum and can be enhanced to a maximum interest rate ranging from 4.30% to 5.50% (31 December 2012: 4.40% to 5.30%) per annum which is to be determined by reference to the market exchange rate of USD/Australian Dollar (“AUD”) or Euro (“EUR”)/USD or investment return (31 December 2012: market exchange rate of USD/AUD or USD/EUR) during a pre-determined period ranging from one to twelve months (31 December 2012: three to twelve months).

The structured bank deposits contain embedded derivatives representing return which would vary with market exchange rates or investment return. The directors of the Company consider that the fair value of the embedded derivatives, the interest cap and the interest floor is minimal and hence no derivative financial instrument is recognised. Certain structured bank deposits with carrying value of HK\$190,890,000 (31 December 2012: HK\$187,883,000) were pledged against bank borrowings.

16. TRADE AND BILLS PAYABLES

At the end of the reporting period, an ageing analysis of trade and bills payables based on invoice date is as follows:

	At 30 June 2013 <i>HK\$'000</i> Unaudited	At 31 December 2012 <i>HK\$'000</i> Audited
0 – 30 days	207,617	108,933
31 – 60 days	—	20,367
91 – 120 days	—	57,695
Over 120 days	191,347	131,357
	<u>398,964</u>	<u>318,352</u>

A significant portion of the Group's bills payables are on usance letter of credit up to a tenor of 365 days. For other trade payables, the average credit period is 30 days (31 December 2012: 30 days). No interest is charged by the trade creditors.

17. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these condensed consolidated financial statements, the Group had the following material transactions with related parties.

Key management compensation was as follows:

	Six months ended 30 June	
	2013 <i>HK\$'000</i> Unaudited	2012 <i>HK\$'000</i> Unaudited
Fees, salaries and other short-term employee benefits	<u>4,406</u>	<u>3,919</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The turnover of the Group increased by HK\$21 million to HK\$917 million for the six months ended 30 June 2013 (“the Period”) but net profit for the Period decreased by around 64% to HK\$50 million as compared with the corresponding period in 2012.

The table below summarises the Group’s revenue and results for the Period as compared with the corresponding period in 2012.

REVENUE AND RESULTS BY OPERATING SEGMENTS

	Revenue		Profit	
	Six months ended 30 June 2013	Six months ended 30 June 2012	Six months ended 30 June 2013	Six months ended 30 June 2012
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>HK\$ million</i>
	Unaudited	Unaudited	Unaudited	Unaudited
General Trading	899.0	877.1	40.2	14.5
Property Investment in Hong Kong	7.0	7.5	7.5	13.8
Property Investment in the PRC	10.7	10.7	9.8	114.6*
	17.7	18.2	17.3	128.4
Total	916.7	895.3	57.5	142.9
Profit after tax for the period attributable to owners of the Company			49.6	138.1

* Profit from property investment in the PRC includes share of profit of the Group’s associates of HK\$107.7 million in 2012. The disposal of the Group’s associates was completed in October 2012. There was no such share of results of associates in 2013.

BUSINESS REVIEW

General Trading

Fishmeal Products

For the six months ended 30 June 2013, segment result of the Group’s trading of fishmeal products has improved as compared with the corresponding period last year. Driven by the unexpected fishing quota reduction by the end of 2012, the supply of fishmeal in the first quarter reduced and the fishmeal product price has climbed up dramatically.

However, starting from the second quarter of this year, the weather condition in China was unfavorable which delayed the aquatic season and the consumption of fishmeal products slowed down. Furthermore, Peru had announced a fishing quota which fell within market expectation relieving the tight supply in the first quarter. Consequently, the fishmeal prices started to soften. The Group reacted by maintaining a conservative strategy to reduce the market risk.

For the first half of 2013, the Group's fishmeal products revenue was HK\$879.7 million (2012: HK\$877.1 million), a similar level to the same period last year. Despite that the fishmeal product price softened in the second quarter, the average selling price was still significantly higher than that in 2012. The drop in trading volume brought down the gross profit to HK\$42.4 million (2012: HK\$47.4 million), but it helped reduce the distribution costs. As a result, this segment recorded a profit of HK\$40.2 million for the Period (2012: HK\$14.5 million).

Property Investments in Hong Kong

During the Period under review, the rental income of the investment properties in Hong Kong was HK\$7.0 million (2012: HK\$7.5 million), representing a decrease of 7% as compared with the same period last year. This was mainly due to vacancy of two properties until the second quarter in 2013. The investment properties were valued by an independent professional valuer and recorded fair value gain of investment properties of HK\$2.2 million for the Period.

Property Investment and Properties Held for Sale in the PRC

Rental income from the investment properties in the PRC was HK\$10.7 million during the Period (2012: HK\$10.2 million), representing an increase of 5% as compared with the corresponding period last year. The fair value gain of HK\$1.5 million (net of deferred tax) was recorded during the Period. This fair value gain and net rental income together have made a contribution of HK\$12.2 million to the Group's profit.

PROSPECTS

General Trading

The unstable weather condition in China in the first half increased the mortality rate of infant shrimp. Shrimp farmers responded by reducing the production which may reduce the consumption of fishmeal products in the coming seasons. The conditions for general trading will continue to be challenging and we are cautious about the outlook of general trading.

Property Investment

The vacant properties successfully leased out by the end of the first half which will contribute additional rental income to the Group in the second half of the year. The property market in Hong Kong is still suffering from unfavorable government policies. The Group will be cautious about the property investment.

The Group will continue to review market conditions and consider investing in good quality properties in Hong Kong and China.

FINANCIAL REVIEW

As at 30 June 2013, the Group's gearing ratio was 10% (31 December 2012: 11%), which was based on the Group's long term borrowings of HK\$147 million (31 December 2012: HK\$158 million) and shareholders' equity of HK\$1,450 million (31 December 2012: HK\$1,417 million). The Group's current ratio was 1.87 (31 December 2012: 1.84), calculated on the basis of current assets of HK\$1,344 million (31 December 2012: HK\$1,306 million) over current liabilities of HK\$718 million (31 December 2012: HK\$710 million).

As at 30 June 2013, total restricted bank deposit, pledged bank deposits, structured bank deposits, bank balances and cash were approximately HK\$527 million (31 December 2012: HK\$819 million). The Group's borrowings were approximately HK\$373 million (31 December 2012: HK\$438 million), of which approximately HK\$191 million (31 December 2012: HK\$258 million) were secured with bank deposits of HK\$191 million (31 December 2012: HK\$260 million). The Group's borrowings were denominated in United States dollars, Hong Kong dollars, Renminbi and Australian dollars.

FOREIGN EXCHANGE EXPOSURE

The Group adopts prudent policies to hedge exchange rate risks associated with our core businesses. Transactions of the Group are predominantly denominated in United States dollars, Hong Kong dollars and Renminbi. During the Period under review, the Group had several foreign currency forward contracts with banks to reduce its exposure to the risks of currency fluctuations. Review of the Group's exposure to foreign exchange risks is conducted periodically and derivative financial instruments may be used to hedge against such risks as and when necessary.

PLEDGE OF ASSETS

As at 30 June 2013, the Group has pledged the following assets and assigned rental income from letting of properties in favour of banks to secure banking facilities:

	At 30 June 2013 <i>HK\$'000</i> Unaudited	At 31 December 2012 <i>HK\$'000</i> Audited
Investment properties	807,167	799,487
Leasehold land and buildings	41,997	42,230
Financial assets at fair value through profit or loss	70,354	—
Pledged bank deposits	—	92,449
Structured bank deposits	190,890	187,883
Bills receivables	<u>190,801</u>	<u>187,796</u>

INTERIM DIVIDEND

The Board does not recommend any interim dividend for the six months ended 30 June 2013 (2012: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2013, the Group employed 85 employees (2012: 82) with staff costs for the six months then ended amounting to HK\$11,413,000 (2012: HK\$8,701,000). Remuneration policies are reviewed annually by the management. Remuneration packages are structured to take into account comparable levels in the market.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed shares during the Period.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance in enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) for the six months ended 30 June 2013, except for the following deviation:

Code Provision A.6.7

This code provision stipulates that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. One of the independent non-executive directors of the Company was unable to attend the Company’s annual general meeting held on 21 May 2013 due to his other business engagement.

AUDIT COMMITTEE

The audit committee, comprising all the three independent non-executive directors of the Company, has reviewed the Group’s unaudited financial statements for the six months ended 30 June 2013 and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to internal control and financial reporting of the Group.

PUBLICATION OF INTERIM RESULTS ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.greatchinaholdingsltd.com.hk. An interim report of the Company, containing information required by the Listing Rules, will be dispatched to shareholders and will be published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our shareholders, customers, bankers and other business associates for their trust and support.

On behalf of the Board
Great China Holdings Limited
John Ming Tak HO
Managing Director

Hong Kong, 26 August 2013

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Rustom Ming Yu HO (Chairman of the Board), Mr. John Ming Tak HO (Managing Director), Mr. Patrick Kwok Wai POON and Mr. Maung Tun MYINT; one non-executive director, namely, Ms. Yu Gia HO; and three independent non-executive directors, namely, Mr. Lawrence Kam Kee YU BBS MBE JP, Mr. David Hon To YU and Mr. Hsu Chou WU.