



大中華集團有限公司

GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

■ Stock Code : 141



Interim Report **2017**

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MANAGEMENT DISCUSSION AND ANALYSIS

Market Overview

During the six months ended 30 June 2017 (the “**Period**”), the property market is still an important driving force for the economic growth in the People’s Republic of China (the “**PRC**”) and its overall trend continues to grow. Market sentiment remained optimistic. The Group continued to focus on executing its business strategies to secure stable revenue sources and sustainable development of the business in the long term.

Financial Results

Revenue of the Group attributable to the continuing operations decreased by approximately HK\$0.86 million to approximately HK\$10.57 million, primarily due to the devaluation of Renminbi from the equivalent period in 2016 and the impact resulting from the transition from the business tax regime to the VAT regime being felt in full during the Period.

Profit for the Period decreased by 7.65% to approximately HK\$4.73 million in comparison with the corresponding period in 2016, mainly due to the increase in general administrative outgoings.

Profit for the Period attributable to owners of the Company was approximately HK\$4.73 million, down from HK\$51.09 million recorded for the corresponding period in 2016. The substantial decrease in profit was mainly due to the completion of the disposal of discontinued operations in the equivalent period in 2016 and the respective contribution of profit of HK\$45.97 million.

Basic and diluted earnings per Share from continuing operations were HK1.58 cents (six months ended 30 June 2016: HK1.96 cents).

Regional Information

As the Group did not have material operations outside the PRC during the Period, no geographic segment information is presented.

Business Review

Property Investment in the PRC and trading of properties

Rental income generated from the continuing operations decreased from approximately HK\$11.43 million for the six months ended 30 June 2016 to approximately HK\$10.57 million for the six months ended 30 June 2017. Fair value gain of approximately HK\$4.59 million was recorded for the Period in light of the strengthening property market and surging property prices in Shanghai, PRC. The fair value gain and net rental income together have made a contribution of approximately HK\$10.93 million to the Group’s profit for the Period.

Due to the surging property prices in some of the first-tier cities in the PRC, the PRC government has implemented tightened home purchase and mortgage restrictions in some of the cities in which the Group carries out its property trading business. In light of such

restrictions, the Board takes a conservative approach in formulating strategies for the Group's property trading business in the PRC. The Board will continue to watch the property market in the PRC closely and make timely decisions that are in the best interest of the Company and its shareholders as a whole.

Prospects

The investment properties of the Group are mainly located in Shanghai, PRC. The property prices and rental income are expected to be firm for the remainder of 2017.

The Board is confident of the overall economic outlook and business potential of the PRC. The Directors will continue to cautiously monitor the business environment and strengthen the Group's business foundation by focusing on the Group's existing business. In addition, the Directors will continue to identify suitable investment opportunities for the Group to replenish its investment portfolio so as to broaden the revenue sources and achieve future growth for the Group. In aiming to create value for the Company and its shareholders as a whole, the Board strives to grasp investment opportunities which have optimal returns while managing the ancillary risks to which the Group are exposed to a minimum level.

Leveraging on the Group's financial strength, the Group will continue to expand its development opportunities with a keen market sense, diversify its sources of income and strengthen its competitive strengths and thereby drive the business of the Group to growth and profitability. At the same time of developing its existing business, the Group will continue to explore other investment opportunities and overcome any kind of challenges, further enhance value to the shareholders of the Company and lay a solid foundation for the future development of the business of the Group.

Financial Review

As at 30 June 2017, the Group's gearing ratio was Nil (31 December 2016: Nil), due to no long term bank borrowings of the Group (31 December 2016: Nil) and total assets of the Group of approximately HK\$618.44 million (31 December 2016: HK\$520.61 million). As at 30 June 2017, the Group's current ratio was 5.55 (31 December 2016: 2.14), calculated on the basis of current assets of approximately HK\$130.08 million (31 December 2016: HK\$52.32 million) over current liabilities of approximately HK\$23.45 million (31 December 2016: HK\$24.40 million).

As at 30 June 2017, total short-term bank deposit, bank balances and cash on hand, which were denominated in HK\$ and RMB, were approximately HK\$104.47 million (31 December 2016: approximately HK\$25.26 million).

Future Plans for Material Investments or Capital Assets

The Directors currently do not have any future plans for material investments or capital assets. The Directors will continue to monitor the industry and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

Significant Investments

During the Period, the Group did not have any significant investments (six months ended 30 June 2016: Nil).

Material Acquisitions or Disposals of Subsidiaries, Associates and Joint Ventures

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Period.

Foreign Exchange Exposure

During the Period, most of the Group's business transactions were conducted in Hong Kong dollars and Renminbi. Review of the Group's exposure to foreign exchange risks is conducted periodically. The Group expected that the exposure to exchange rate fluctuation was not significant and therefore did not engage in any hedging activities during the Period.

Capital Commitment

As at 30 June 2017, the Group had no material capital commitment (31 December 2016: Nil).

Contingent Liability

The Group had no material contingent liability as at 30 June 2017 (31 December 2016: Nil).

Charges on Assets

As at 30 June 2017, the Group did not have any charges on its assets (31 December 2016: Nil).

Treasury Policy

The Group adopts treasury policy that aims to better control its treasury operations and lower borrowing costs. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The time deposits of the Group at various licensed banks had been and would continue to be conducted in accordance with the Group's treasury policy. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

Employees and Remuneration Policies

As at 30 June 2017, the Group employed 23 employees (six months ended 30 June 2016: 15) with staff costs including directors for the Period amounting to approximately HK\$3.84 million (six months ended 30 June 2016: approximately HK\$7.76 million). Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable levels in market and the prevailing business scale of the Group. The Company also operates a share option scheme (the "**Scheme**") for

the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme was adopted and approved by the shareholders of the Company on 14 May 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

As at the date of this report, no share options have been granted under the Scheme since its adoption.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period (six months ended 30 June 2016: Nil).

FUND RAISING

On 10 February 2017, the Company and a placing manager entered into a placing agreement, pursuant to which the placing manager has conditionally agreed to procure, on a best effort basis, 52,300,000 new shares to be placed to not less than six independent placees, who are professional, institutional and/or other investor(s) who are third parties independent of and are not connected with the Company and its connected persons, at a placing price of HK\$1.44 per placing share (the "**Placing**"). The net price to the Company of each placing share is approximately HK\$1.43. The market price of the new shares on the date when the issuance terms were determined (i.e. 10 February 2017) was HK\$1.75.

The Placing was completed on 24 February 2017 and the gross proceeds and net proceeds from the Placing were approximately HK\$75.31 million and HK\$74.72 million, respectively. The Company intends to utilise the net proceeds of the Placing for general working capital and/or financing future investment or new business development as and when opportunities arise. As at 30 June 2017, the proceeds from Placing remained unutilised and would be utilised as intended.

For details of the Placing, please refer to the Company's announcements dated 10 February 2017 and 24 February 2017, respectively.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUPPLEMENTARY INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2017, the following Directors or the chief executives of the Company had interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which (a) were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code (the "Model Code") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange:

Long position in the shares of the Company

Name of director	Capacity/ Nature of Interest	Number of shares interested			Percentage of the issued shares of the Company*
		Direct interests	Deemed interests	Total interests	
JIANG Tian	Beneficial owner Interest in a controlled corporation	890,000	172,732,577 (Note 1)	173,622,577	55.30%

Long position in the shares of the associated corporations

Name of director	Name of associated corporation	Capacity	Number of shares held	Percentage of the issued shares of associated corporation
JIANG Tian	Hopevision Group Ltd. (Note 2)	Interest in a controlled corporation	1	100%
	Hong Kong Hopevision International Limited	Interest in a controlled corporation	1	100%
	Shanghai Chongsheng Investment Management Co., Ltd. (Note 2)	Beneficial owner	0	0
GONG Biao	Shanghai Chongsheng Investment Management Co., Ltd. (Note 2)	Beneficial owner	0	0

Notes:

1. Mr. Jiang Tian was deemed to be interested in 173,622,577 Shares, among which 172,732,577 Shares were held by Hopevision Group Ltd. and 890,000 Shares were held in his own capacity.
 2. Hopevision Group Ltd. was indirectly wholly owned by Shanghai Chongsheng Investment Management Co., Ltd., whose registered capital of RMB50,000,000 was in turn owned as to 99% by Mr. Jiang Tian and 1% by Mr. Gong Biao.
- * The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, none of the Directors or the chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

None of the Directors nor chief executives (including their spouse and children under 18 years of age) of the Company had any interest in, or had been granted, or had exercised, any rights to subscribe for the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) during the Period.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed that, as at 30 June 2017, the following companies had interests in more than 5% of the Company's issued shares:

Long position in the shares of the Company

Name of substantial Shareholder	Capacity/ Nature of Interest	Number of shares interested			Percentage of the issued shares of the Company*
		Direct interests	Deemed interests	Total interests	
Hopevision Group Ltd.	Beneficial owner	172,732,577	—	172,732,577	55.01%
Shanghai Chongsheng Investment Management Co., Ltd.	Interest in a controlled corporation	—	172,732,577 (Note 1)	172,732,577	55.01%
Smart Emperor Global Limited	Interest in a controlled corporation	20,930,000	—	20,930,000	6.67%
Su Shan	Beneficial owner	—	20,930,000 (Note 2)	20,930,000	6.67%

Notes:

1. The share capital of Hopevision Group Ltd. was wholly owned by Hong Kong Hopevision International Limited, which was wholly owned by Shanghai Chongsheng Investment Management Co. Ltd., which was owned as to 99% by Mr. Jiang Tian. Accordingly, Mr. Jian Tian and Shanghai Chongsheng Investment Management Co., Ltd were deemed to be interested in the 172,732,577 shares of the Company held by Hopevision Group Ltd.
 2. The share capital of Smart Emperor Global Limited was wholly owned by Ms. Su Shan. Accordingly, Ms. Su Shan was deemed to be interested in the 20,930,000 shares of the Company held by Smart Emperor Global Limited.
- * The percentage represents the number of ordinary shares interested divided by the number of the Company's issued shares as at 30 June 2017.

Save as disclosed above, the Directors are not aware of any person (other than the Directors whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares or Debentures of the Company and its Associated Corporations" above) who, as at 30 June 2017, had an interest or a short position in the shares, underlying shares or debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register kept by the Company pursuant to Section 336 of the SFO.

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 complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Period.

UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors are set out below:

- Mr. JIANG Tian was appointed as an executive Director, the chairman of the Board and the chairman of the nomination committee of the Company on 6 June 2017 with the emoluments including the monthly Director's fee of HK\$20,000 and the monthly salary of approximately HK\$160,000 together with fixed and discretionary bonus and other incentive and subsidies payable by the Group. He also served as a consultant of a subsidiary of the Company, namely, 博平置業（上海）有限公司 on the same date.
- Ms. GU Ming resigned as the chief executive of the Company (the "**Chief Executive**") on 6 June 2017 due to other business commitments, but remains as an executive Director with the emoluments including the monthly Director's fee of HK\$20,000 and the monthly salary of approximately HK\$40,000, together with fixed and discretionary bonus and other incentive and subsidies payable by the Group.
- Mr. LAI Han was appointed as the Chief Executive on 6 June 2017 with the emoluments including the monthly Director's fee of HK\$20,000 and the monthly salary of approximately HK\$90,000, together with fixed and discretionary bonus and other incentive and subsidies payable by the Group.
- Mr. GONG Biao was appointed as the vice-president of the Company on 6 June 2017 with the emoluments including the monthly Director's fee of HK\$20,000 and the monthly salary of approximately HK\$75,000, together with fixed and discretionary bonus and other incentive and subsidies payable by the Group.

- Ms. HOU Yingxuan was appointed as the directors of the subsidiaries of the Company, namely, Capital Head Investment Limited, Concord Trinity Development Limited, Glory South Investment Limited, Jelson Enterprises Limited, Poppins Properties Limited and Adamgate Limited on 6 June 2017.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its own code of conduct regarding Directors' dealings in the securities of the Company. Having made specific enquiry of all Directors, each of the Directors confirmed that he/she complied with the required standards set out in the Model Code throughout the Period.

The Board has also adopted the Model Code as guidelines for relevant employees in respect of their dealings in the securities of the Company. No incident of non-compliance was noted by the Company during the Period under review.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE AND AUDITOR

The audit committee of the Company, comprising all the three independent non-executive Directors, has reviewed the Group's unaudited condensed consolidated financial statements for the Period and discussed with the management of the Company the accounting principles and accounting standards adopted by the Group and matters relating to risk management and internal control and financial reporting of the Group.

The unaudited interim financial report of the Group for the six months ended 30 June 2017 has been reviewed by the Company's external auditor in accordance with Hong Kong Standard on Review Engagements 2410 "*Review of interim financial information performed by the independent auditor of the entity*" issued by the HKICPA and reviewed by the audit committee of the Company.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after 30 June 2017.

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

This interim report is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.greatchinaholdingsltd.com.hk.

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.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five executive Directors, namely, Mr. JIANG Tian, Mr. LAI Han, Ms. HOU Yingxuan, Mr. GONG Biao and Ms. GU Ming; one non-executive Director, namely, Mr. CHAI Yuet; and three independent non-executive Directors, namely, Ms. LI Ping, Mr. HU Jianxing and Mrs. Patricia Bee Kuen THOMAS.

On behalf of the Board

Mr. JIANG Tian

Chairman of the Board

Hong Kong, 24 August 2017

REVIEW REPORT TO THE BOARD OF DIRECTORS OF GREAT CHINA HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

We have reviewed the interim financial report set out on pages 13 to 30 which comprises the consolidated statement of financial position of Great China Holdings Limited (the “**Company**”) as at 30 June 2017 and the related consolidated statement of profit or loss, consolidated statement of comprehensive income and condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2017 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong
24 August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2017

(Expressed in Hong Kong dollars ("HK\$"))

	Note	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Continuing operations			
Revenue	5	10,567	11,426
Cost of sales		(1,115)	(1,513)
Gross profit		9,452	9,913
Other net income		351	290
Valuation gain on investment properties	10	4,593	2,960
Administrative expenses		(8,071)	(6,677)
Profit from operations		6,325	6,486
Finance costs	6(a)	—	(116)
Profit before taxation	6	6,325	6,370
Income tax	7	(1,596)	(1,249)
Profit for the period from continuing operations		4,729	5,121
Discontinued operations			
Profit for the period from discontinued operations	8(a)	—	45,971
Profit for the period attributable to equity shareholders of the Company		4,729	51,092
Earnings per share — for continuing and discontinued operations			
— Basic and diluted (HK cents)	9	1.58	19.52
Earnings per share — for continuing operations			
— Basic and diluted (HK cents)		1.58	1.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2017

(Expressed in HK\$)

	Six months ended 30 June	
	2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Profit for the period	4,729	51,092
Other comprehensive income for the period (after tax):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Exchange differences on translation of financial statements of overseas subsidiaries	14,699	(8,838)
— Available-for-sale securities: net movement in fair value reserve	—	(80)
— Reclassification of cumulative translation reserve to profit or loss upon disposal of subsidiaries	—	(8,267)
— Reclassification of cumulative properties revaluation reserve upon disposal of subsidiaries	—	(495)
— Reclassification of cumulative fair value reserve to profit or loss upon disposal of subsidiaries	—	(990)
Total comprehensive income for the period, attributable to equity shareholders of the Company	19,428	32,422

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

(Expressed in HK\$)

	Note	At 30 June 2017 HK\$'000 (Unaudited)	At 31 December 2016 HK\$'000 (Audited)
Non-current assets			
Investment properties	10	485,600	465,182
Property, plant and equipment	11	2,393	2,743
Trade and other receivables, prepayments and deposits	12	369	368
		488,362	468,293
Current assets			
Properties held for sale		19,737	19,119
Trade and other receivables, prepayments and deposits	12	5,545	7,666
Tax recoverable		333	269
Bank balances and cash		31,375	25,261
Short-term bank deposits		73,090	—
		130,080	52,315
Current liabilities			
Other payables and accrued expenses		23,018	22,487
Rental deposits received		232	1,826
Tax payable		204	88
		23,454	24,401
Net current assets			
		106,626	27,914
Total assets less current liabilities			
		594,988	496,207
Non-current liabilities			
Rental deposits received		3,973	2,289
Deferred tax liabilities		65,399	62,453
		69,372	64,742
NET ASSETS			
		525,616	431,465
Capital and Reserves			
Share capital	13	146,576	71,853
Reserves		379,040	359,612
TOTAL EQUITY			
		525,616	431,465

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 — unaudited

(Expressed in HK\$)

	Attributable to equity shareholders of the Company					
	Share capital HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
Balance at 1 January 2016	71,853	96,617	495	1,070	1,365,530	1,535,565
Changes in equity for the six months ended 30 June 2016:						
Profit for the period	—	—	—	—	51,092	51,092
Other comprehensive income	—	(17,105)	(495)	(1,070)	—	(18,670)
Total comprehensive income	—	(17,105)	(495)	(1,070)	51,092	32,422
Special dividends, approved and paid during the period	—	—	—	—	(1,127,339)	(1,127,339)
Balance at 30 June 2016	71,853	79,512	—	—	289,283	440,648

	Note	Attributable to equity shareholders of the Company					Total HK\$'000
		Share capital HK\$'000	Exchange reserve HK\$'000	Properties revaluation reserve HK\$'000	Fair value reserve HK\$'000	Retained profits HK\$'000	
Balance at 1 January 2017		71,853	61,236	—	—	298,376	431,465
Changes in equity for the six months ended 30 June 2017:							
Profit for the period		—	—	—	—	4,729	4,729
Other comprehensive income		—	14,699	—	—	—	14,699
Total comprehensive income		—	14,699	—	—	4,729	19,428
Placing of new shares	13(b)	74,723	—	—	—	—	74,723
Balance at 30 June 2017		146,576	75,935	—	—	303,105	525,616

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

(Expressed in HK\$)

	Note	Six months ended 30 June	
		2017 HK\$'000 (Unaudited)	2016 HK\$'000 (Unaudited)
Operating activities			
Net cash generated from operating activities		3,447	86,519
Investing activities			
Net cash received from disposal of discontinued operations	8(c)	—	443,646
Other cash flows generated from investing activities		282	153,935
Net cash generated from investing activities		282	597,581
Financing activities			
Dividends paid to equity shareholders of the Company	13(a)	—	(922,339)
Net proceeds from issue of new shares	13(b)	74,723	—
Other cash flows generated from financing activities		—	35,289
Net cash generated from/(used in) financing activities		74,723	(887,050)
Net increase/(decrease) in cash and cash equivalents		78,452	(202,950)
Cash and cash equivalents at 1 January		25,261	240,027
Effect of foreign exchange rates changes		752	(955)
Cash and cash equivalents at 30 June		104,465	36,122
Analysis of balances of cash and cash equivalents			
Bank balances and cash		31,375	36,122
Short-term bank deposits		73,090	—
		104,465	36,122

NOTES TO THE UNAUDITED INTERIM FINANCIAL INFORMATION

(Expressed in HK\$ unless otherwise indicated)

1 General information

Great China Holdings Limited (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 Room 1512, 15/F, New World Tower 1, 16–18 Queen’s Road Central, Hong Kong.

The Company is an investment holding company and its subsidiaries are principally engaged in property investment in the People’s Republic of China (the “**PRC**”). The Company and its subsidiaries are collectively referred to as “the Group”.

Following the disposal of the subsidiaries engaged in overseas trading business and property investment business in Hong Kong during 2016 as disclosed in note 8, the majority of the Group’s remaining business are carried out in the PRC. The functional currency of the Company is Hong Kong dollars (“**HK\$**”) and the functional currency of its major subsidiaries in the PRC is Renminbi (“**RMB**”). The consolidated financial statements are presented in HK\$.

2 Basis of preparation

This interim financial information of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It was authorised for issue on 24 August 2017.

The interim financial information has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 3.

The preparation of an interim financial information in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2016 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

This interim financial information is unaudited, but has been reviewed by the Company’s auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on page 12.

2 Basis of preparation (continued)

The financial information relating to the financial year ended 31 December 2016 that is included in the interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

3 Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to HKFRSs 2014–2016 Cycle*
- Amendments to HKAS 7, *Statement of cash flows: Disclosure initiative*
- Amendments to HKAS 12, *Income taxes: Recognition of deferred tax assets for unrealised losses*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 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 the operating divisions of the Group.

The executive directors have identified the following reportable segments for the Group's operating segments. These segments are managed separately as each business offers different services and requires different business strategies.

Continuing operations

- (1) Property investment in the PRC — leasing of properties situated in the PRC (other than Hong Kong)
- (2) Trading of properties — sale of properties situated in the PRC

4 Segment Information (continued)

Discontinued operations

- (1) General trading — trading of fishmeal
- (2) Property investment in Hong Kong — leasing of properties situated in Hong Kong

The Group disposed of the operations of general trading and property investment in Hong Kong segments on 15 June 2016. The results of the general trading and property investment in Hong Kong segments from 1 January 2016 to 15 June 2016 were classified as discontinued operations accordingly. The discontinued operations have resulted in a change in the Group's structure and therefore its composition of reporting segment.

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 2017 (six months ended 30 June 2016: Nil). Segment revenue represents sales revenue from external customers. Segment profit or loss after tax represents net profit earned or loss incurred by each reportable segment without allocation of income and expenses of the Group's headquarters, corporate income and expenses, unallocated finance costs, unallocated income tax credit or expense and gain on disposal of subsidiaries.

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than the Group's headquarters' corporate assets; and
- all liabilities are allocated to reportable segments other than the Group's headquarters' corporate liabilities.

Information regarding the above segments is reported below.

Segment revenue and results

	Continuing operations			Discontinued operations		
	Property investment in the PRC	Trading of properties	Sub-total	General trading	Property investment in Hong Kong	Sub-total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2017						
Reportable segment revenue	10,220	347	10,567	—	—	—
Reportable segment profit after tax	10,922	3	10,925	—	—	—
Net corporate expenses			(6,216)			—
Unallocated income tax credit			20			—
Profit for the period			4,729			—

4 Segment Information (continued)
Segment revenue and results (continued)

	Continuing operations			Discontinued operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Sub-total HK\$'000	General trading HK\$'000	Property investment in Hong Kong HK\$'000	Sub-total HK\$'000
For the six months ended						
30 June 2016						
Reportable segment revenue	11,111	315	11,426	487,212	6,689	493,901
Reportable segment profit/ (loss) after tax	11,402	53	11,455	(779)	1,102	323
Net corporate expenses			(6,229)			(7,404)
Unallocated finance costs			(116)			(106)
Unallocated income tax credit/(expense)			11			(20)
Gain on disposal of subsidiaries (note 8(a))			—			53,178
Profit for the period			5,121			45,971

Segment assets and liabilities

	Continuing operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 30 June 2017			
Reportable segment assets	497,617	19,861	517,478
Unallocated corporate assets			100,964
Consolidated total assets			618,442
Reportable segment liabilities	73,038	17,834	90,872
Unallocated corporate liabilities			1,954
Consolidated total liabilities			92,826

4 **Segment Information (continued)**
Segment assets and liabilities (continued)

	Continuing operations		
	Property investment in the PRC HK\$'000	Trading of properties HK\$'000	Total HK\$'000
At 31 December 2016			
Reportable segment assets	494,470	19,337	513,807
Unallocated corporate assets			6,801
Consolidated total assets			520,608
Reportable segment liabilities	71,476	15,556	87,032
Unallocated corporate liabilities			2,111
Consolidated total liabilities			89,143

Unallocated corporate assets mainly comprised of property, plant and equipment which are used by the Group's headquarters, certain bank balances and cash and short-term bank deposits which are held as the general working capital of the Group as a whole and other corporate assets of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

Unallocated corporate liabilities mainly comprised of corporate liabilities of the Group's headquarters which are not directly attributable to the business activities of any operating segment.

As the Group does not have material operations outside the PRC, no geographic segment information is presented.

5 **Revenue**

Revenue represents rental income from properties.

The Group's customer base includes two (six months ended 30 June 2016: two) customers with whom transactions have exceeded 10% of the Group's revenue. During the six months ended 30 June 2017, revenue from rental income received from the two (six months ended 30 June 2016: two) customers, amounted to approximately HK\$5,924,000 and HK\$1,759,000, respectively (six months ended 30 June 2016: HK\$5,483,000 and HK\$1,939,000, respectively).

6 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
(a) Finance costs		
Interest on borrowings	—	116
(b) Other items		
Depreciation	372	71
Interest income	(388)	(207)
Exchange loss, net	337	91
Staff costs (including directors' emoluments)	3,838	7,759
Loss on write-off of property, plant and equipment	37	—
Gross rental income	(10,567)	(11,426)
Less: direct operating expenses	1,115	1,513
Net rental income	(9,452)	(9,913)

7 Income tax

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Current tax — PRC tax	773	701
Deferred tax	823	548
	1,596	1,249

The provision for Hong Kong Profits Tax is calculated at 16.5% (six months ended 30 June 2016: 16.5%) of the estimated assessable profits. No provision was made for Hong Kong Profits Tax as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2017 and 2016.

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC subsidiaries are subject to Enterprise Income Tax of tax rate of 25%.

The subsidiaries of the Group established in the PRC are subject to PRC Corporate Income Tax rate of 25% (six months ended 30 June 2016: 25%).

Income tax arising from certain Hong Kong subsidiaries' operations in the PRC is calculated at tax rate of 10% (six months ended 30 June 2016: 10%) on the rental income earned by these Hong Kong subsidiaries for the six months ended 30 June 2017.

8 Discontinued operations

Pursuant to the Disposal Agreement and the Disposal Supplemental Agreement entered into between the Company and Fulcrest Limited (the “Disposal Purchaser”) dated 21 January 2016 and 18 April 2016, respectively, and pursuant to the circular of the Company dated 13 May 2016 (the “Circular”), the Company disposed (the “Disposal of Subsidiaries”) of all its equity interests in Datong Global Holdings Limited (“Datong”) and Xingao Limited (“Xingao”), each of which was a wholly owned subsidiary of the Company as at the date of the Circular, together with the subsidiaries of Datong and Xingao (collectively referred to as the “Disposal Group”). Additionally, the Company disposed of the amount due from the Disposal Group of HK\$205,000,000 to the Disposal Purchaser (the “Disposal of Loan”). Total consideration for the Disposal of Subsidiaries and the Disposal of Loan was HK\$797,967,000, among which the consideration for the Disposal of Subsidiaries amounting to HK\$592,967,000 was settled in cash and the consideration for the Disposal of Loan amounting to HK\$205,000,000 was settled by offsetting against the dividend payable to the Disposal Purchaser (note 13(a)).

The Disposal Group is principally engaged in the business of (i) trading of fishmeal; (ii) property investment in Hong Kong; (iii) provision for agency services; and (iv) investment in financial assets. The above disposals were completed on 15 June 2016.

(a) Results of discontinued operations:

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Revenue	—	493,901
Cost of sales	—	(473,728)
Valuation loss on investment properties	—	(2,400)
Other net expenses	—	(23,200)
Finance costs	—	(739)
Loss from operations	—	(6,166)
Income tax	—	(1,041)
Net loss from operations	—	(7,207)
Gain on disposal of subsidiaries (note 8(c))	—	53,178
Profit for the period from discontinued operations	—	45,971
Basic and diluted earnings per share (HK cents)	—	17.56

The calculation of basic earnings per share from discontinued operations is Nil (six months ended 30 June 2016: HK17.56 cents), based on the profit for the period from discontinued operations attributable to the equity shareholders of the Company of Nil (six months ended 30 June 2016: HK\$45,971,000) and the weighted average number of ordinary shares for basic earnings per share as disclosed in note 9.

8 Discontinued operations (continued)

(b) *Cash flows generated from discontinued operations:*

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Net cash used in operating activities	—	(309,884)
Net cash generated from investing activities	—	599,384
Net cash generated from financing activities	—	73,463
Net cash flows generated from discontinued operations for the period	—	362,963

8 Discontinued operations (continued)

(c) *Effect of disposal on the financial position of the Group is:*

	As at the date of the disposal HK\$'000
Assets	
Non-current assets	
Investment properties	500,700
Property, plant and equipment (note 11)	44,939
Available-for-sale financial assets	12,325
Trade and other receivables, prepayments and deposits	28,805
Current assets	
Inventories	33,694
Trade and other receivables, prepayments and deposits	101,962
Financial assets at fair value through profit or loss	37,205
Available-for-sale financial assets	27,300
Tax recoverable	406
Restricted bank deposit	15,915
Bank balances and cash	149,321
Liabilities	
Current liabilities	
Trade and bills payables, other payables and accrued expenses	(42,591)
Rental deposits received	(2,389)
Amounts due to the Company	(205,000)
Borrowings	(71,196)
Tax payable	(1,035)
Non-current liabilities	
Rental deposits received	(2,041)
Borrowings	(82,144)
Deferred tax liabilities	(2,397)
Net assets disposed of	543,779
Total cash consideration	592,967
Net assets disposed of	(543,779)
Transaction costs incurred for disposal	(5,762)
Reserves attributable to the Disposal Group recycled to profit or loss upon disposal	9,752
Gain on disposal of subsidiaries (note 8(a))	53,178
Cash flows	
Cash consideration received	592,967
Bank balances and cash disposed of	(149,321)
Net cash inflows	443,646

9 Earnings per share

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

From continuing and discontinued operations

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of HK\$4,729,000 (six months ended 30 June 2016: HK\$51,092,000) and the weighted average of 298,381,595 ordinary shares (six months ended 30 June 2016: 261,684,910 shares) in issue during the interim period.

There was no difference between the basic and diluted earnings per share as there were no dilutive potential shares outstanding for the periods presented.

From continuing operations

The calculation of basic and diluted earnings per share from continuing operations is based on profit for the period attributable to the ordinary equity shareholders of the Company from continuing operations of HK\$4,729,000 (six months ended 30 June 2016: HK\$5,121,000), and the denominators used are the same as those detailed above for basic and diluted earnings per share.

10 Investment properties

The valuations of investment properties carried at fair value were performed by the Group's independent valuer, Asset Appraisal Limited, using the same valuation techniques as were used by this valuer when carrying out the 31 December 2016 valuations. A net gain of HK\$4,593,000 (six months ended 30 June 2016: HK\$2,960,000) has been recognised in profit or loss for the period in respect of investment properties.

11 Property, plant and equipment

During the six months ended 30 June 2017, the Group acquired property, plant and equipment at a cost of approximately HK\$35,000 (six months ended 30 June 2016: HK\$1,805,000).

The Group disposed of other property, plant and equipment at the aggregate carrying amount of approximately HK\$37,000 (six months ended 30 June 2016: Nil). During the six months ended 30 June 2016, the Group disposed of property, plant and equipment at the aggregate carrying amount of approximately HK\$44,939,000 pursuant to the disposal of the discontinued operations (note 8(c)).

12 Trade and other receivables, prepayments and deposits

As at the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
0–30 days	219	1,750
31–60 days	11	1,425
61–90 days	41	449
91–120 days	—	3
Over 120 days	—	—
Trade receivables, net of allowance for doubtful debts	271	3,627
Prepayments, deposits and other receivables, net of allowance for doubtful debts	5,643	4,407
Carrying amount	5,914	8,034
Less: current portion	(5,545)	(7,666)
Non-current portion	369	368

Rents from leasing of investment properties are normally received in advance without credit terms to tenants. At 30 June 2017, trade receivables of HK\$271,000 (31 December 2016: HK\$3,627,000) are past due but not impaired.

13 Capital, reserves and dividends

(a) Dividends

Interim dividends

No interim dividend was declared and paid for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Special dividends

A first special dividend of HK\$1.223 per share (amounting to approximately HK\$320,041,000) and a second special dividend of HK\$3.085 per share (amounting to approximately HK\$807,298,000) have been approved on the extraordinary general meeting of the Company held on 31 May 2016, and paid on 13 June 2016 in cash of HK\$320,041,000 and on 22 June 2016 in cash of HK\$602,298,000, respectively. The amount of HK\$205,000,000 was offset against the consideration for the Disposal of Loan as agreed between the Company and the Disposal Purchaser (note 8). No special dividends were declared and paid for the six months ended 30 June 2017.

13 Capital, reserves and dividends (continued)
(b) *Share capital*

	At 30 June 2017		At 31 December 2016	
	Number of shares	Amounts HK\$'000	Number of shares	Amounts HK\$'000
Ordinary shares, issued and fully paid				
At beginning of the period/year	261,684,910	71,853	261,684,910	71,853
Placing of new shares	52,300,000	74,723	—	—
At end of the period/year	313,984,910	146,576	261,684,910	71,853

On 10 February 2017, the Company entered into a placing agreement, pursuant to which a maximum number of 52,300,000 shares are to be issued at HK\$1.44 per share (the "Placing"). The Company intends that the net proceeds of the Placing to be used for general working capital and/or financing future investment or new business development as and when opportunities arise. The Placing was completed on 24 February 2017 with net proceeds from the Placing amounting to HK\$74,723,000.

14 Fair value measurement of financial instruments

(a) *Financial assets and liabilities measured at fair value*

At 30 June 2017 and 31 December 2016, the Group did not have any financial assets or liabilities measured at fair value.

(b) *Fair values of financial instruments carried at other than fair value*

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at 31 December 2016 and 30 June 2017.

15 Related party transactions

(a) *Key management personnel remuneration*

Remuneration for key management personnel of the Group was as follows:

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
Fees, salaries, other benefits and retirement benefit costs	1,912	6,237

Total remuneration was included in "staff costs" (see note 6(b)).

15 **Related party transactions (continued)**

(b) Other related party transactions

During the six months ended 30 June 2017, the Group entered into transactions with the following related party.

Name of party	Relationship
Sky Fortune Boutique Hotel Shanghai	A company controlled by the ultimate controlling party

(i) *Significant related party transactions*

Particulars of significant transactions between the Group and the above related party were as follows:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Office rental expense	172	—
Staff messing and accommodation expenses	83	—

(ii) *Balance with a related party*

As at the end of the reporting period, the Group had the following balance with a related party.

	At	At
	30 June	31 December
	2017	2016
	HK\$'000	HK\$'000
Amount due from/(to) a related party (<i>note</i>)	116	(30)

Note: The amount as at 31 December 2016 and 30 June 2017 was included in other payables and accrued expenses and trade and other receivables, prepayments and deposits, respectively.

16 **Immediate and ultimate controlling party**

At 30 June 2017, the directors of the Company consider the immediate parent of the Group is Hopevision Group Ltd., which is incorporated in Seychelles and the ultimate controlling party of the Group is Mr. Jiang Tian.